

# EIR

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Sept. 22 Was Nearly 'Black Friday'  
Wall Street Turns Screws on Peru  
'Shareholder Value' To Blame for Road Deaths

**Lyndon LaRouche:**  
**'Jesus Christ and Civilization'**

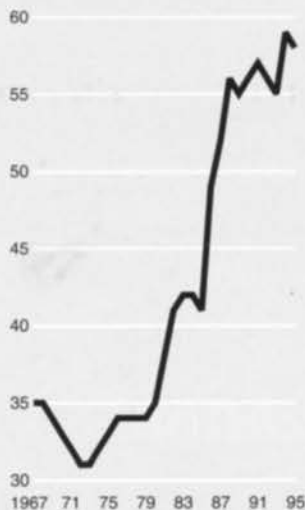


# EIR Doesn't Print What's Popular, But Prints The Truth

## The Truth About The Real Economy

### Number of weekly paychecks required to buy new car

includes finance costs



## The Truth About Their Policies

## The Truth About The Bubble

Stock Market Margin Debt, 1992-2000  
(billions \$)



## LaRouche: Call Them 'The Baby Doomers'



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## From the Associate Editor

Our first-time readers may be puzzled. What sort of magazine is this? Why does *EIR* publish articles on the energy price crisis—and also on “Jesus Christ and Civilization”?

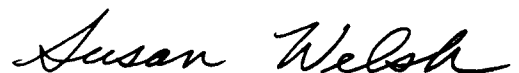
The reason is that, in order for the reader to understand either topic, it is necessary to overturn the axiomatic assumptions of popular opinion. It is a fair statement, that whatever “most people” believe on these or any other questions, is wrong.

Lyndon H. LaRouche, Jr., in “Jesus Christ and Civilization,” writes a fascinating and very provocative article. Why is it that Christianity uniquely made possible the creation of the modern sovereign form of nation-state, without which the survival of civilization today is not possible? And what essential, revolutionary feature was introduced by the Golden Renaissance, without which European civilization would never have come to acquire the dominant significance that it has attained on this planet?

As LaRouche points out, certain things that he writes in this article “were not likely to be published, until now, in this form, from any other living source, even from among those relevant authorities which would concur privately with my argument.”

Elsewhere in this issue, we document the eruption of the financial crisis and the political upsurge it is provoking.

In this revolutionary period, more and more people are listening to LaRouche. His ten-point proposal for government-to-government negotiations on securing oil deliveries at a fair price, which we published in last week’s issue, is receiving significant international press coverage. *EIR* correspondents delivered the statements to all the OPEC delegations meeting in Caracas, Venezuela, during the last week in September. The Caracas daily *El Globo* commented that LaRouche’s solutions “deserve to be retransmitted and listened to. These are sensible ideas and solutions in a world of gibberish and stupidities. What is at stake is not OPEC’s future, but the world’s.” LaRouche’s memorandum was also published or excerpted in *Excelsior* of Mexico City, *El Siglo* of the Dominican Republic, and the London-based Arabic daily *Al-Arab International*. We urge our readers to circulate it far and wide.



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“The internal problems of modern Christianity, are among the sensitive issues which must be addressed here,” writes Lyndon H. LaRouche, Jr. “. . . Taken as a whole, the recent 2,500 years of rise of that adopted child of Egypt, that the birth and development of the now globally extended European civilization, is to be understood in terms of the three greatest bench-marks of its entire history: the consolidation of the development of Classical Greek culture around the leading figure of Plato, the ministry and crucifixion of Jesus Christ, and the Golden Renaissance. Without those three revolutionary steps forward, Europe and its civilization had neither come into existence, nor would have acquired the dominant significance in the planet which it has attained since the great, mid-Fifteenth-Century, ecumenical Council of Florence.”

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## World Makes a Narrow Escape from a 'Black Friday'

by Lothar Komp

The fuse was lit on Friday, Sept. 22, on the worldwide powder-keg of stock-market bubbles, financial gambles, and unpaid debt titles. A systemic financial catastrophe threatened, which would hardly have remained limited to a pure stock-market crash. The entire edifice of global short-term liabilities was on the brink of collapse, such as it was in the Fall of 1998. But, in contrast to the situation in September 1998, when the Long Term Capital Management hedge fund disintegrated with its \$100 billion of debt and more than \$1 trillion of financial derivatives, far larger volumes of paper values will disappear in the Fall of 2000, the consequence of a systemic catastrophe. Between October 1999 and March 2000, after all, there occurred the largest orgy of credit expansion and stock-purchasing panic of all times.

It can not be precisely foreseen at this point in time how many corpses have already accumulated in the cellars of large banks and funds. But the stench is already intense. The most visible sign of the desperation of governments and central banks is the joint intervention on Sept. 22. Out of the blue, U.S. Treasury Secretary Larry Summers and Federal Reserve Chairman Alan Greenspan were willing to join in an intervention into exchange markets, launched by the European Central Bank, to support the euro, the single European currency, together with the central banks of Canada, Japan, and Great Britain. Up to that point, Summers and Greenspan had done everything to push the euro down with respect to the dollar, because that was the only way to assure the urgently needed flow of foreign capital into the deficit-plagued U.S. economy. Likewise, on Sept. 22, U.S. President Bill Clinton announced the release of some 30 million barrels of crude oil from the U.S. Strategic Petroleum Reserve, in hopes of lowering the

price of oil. The U.S. Treasury Secretary had scoffed at the very idea of such a decision as a "crude political blunder" just days previously.

### High-Tech Stocks Fall

On the surface, the surprising change of sentiment on the part of members of the Clinton government had to do with the fear of a "Black Friday" on the stock markets. In addition to the weeks-long sell-off mood on worldwide stock markets, triggered primarily by the collapse of the euro and the explosion of oil prices, a devastating hurricane threatened to wipe out technology stocks on Sept. 22, led by the Nasdaq. On Thursday evening, after the markets had closed, the flagship of the U.S. computer sector, Intel, announced that it expected a drop of profits for the third quarter, which sent the processor producer's stocks plunging 20% within a brief time of electronic trading. Intel's stock slid down 22% in official trading when markets reopened, which wiped out \$95 billion—the largest daily loss of a single firm ever recorded—of the firm's stock capital. On that day, 307 million Intel shares changed hands, also a record.

The Intel shock naturally threatened to spill over to the rest of the technology stocks. On Thursday evening, U.S. computer firms, including Compaq, Dell, and Texas Instruments, rushed to assure the public that they are really in fine health and investors should not allow themselves to be stampeded into a general panic because of Intel's problems. That provided little relief. On Friday morning (European Central Time), Japanese and South Korean technology titles were being bashed collectively. The New Market in Frankfurt opened with heavy losses. When Wall Street opened for busi-

ness, all the dams were about to burst.

On Sept. 25, the Monday following the melee, the German financial daily *Frankfurter Allgemeine Zeitung* wrote: "Whatever the detailed reasons for Friday's intervention in favor of the euro may have been, the delicate situation which had built up following the warning by Intel on Thursday after markets closed, and which began to unravel early on Friday in the Asian-Pacific area, belonged to a causal chain, according to the view of these strategists. A stock-market crash of unforeseeable dimensions, with severe dislocations also on international exchange markets, could very well have occurred out of this situation. At that moment, everything came together, which had to force the central banks to act."

But that is still not the whole truth. Well-informed financial experts in Europe emphasize that, in the hours and days before the combined euro intervention of the Group of Seven (G-7) nations, rumors were circulating on the financial markets, that a large American investment fund, which had invested primarily in technology stocks, was on the rocks. Had Nasdaq taken another severe plunge on Sept. 22, this fund would have gone under completely. But it is possible that has already happened, and the fact has simply not been made public, in view of the tense mood at this time.

### **Morgan Bailed Out**

Moreover, experts point to strange circumstances surrounding the takeover of the U.S. investment bank J.P. Morgan by Chase Manhattan. J.P. Morgan is one of the largest players on the worldwide derivatives markets. At the end of August, financial journals released the spectacular report that Deutsche Bank was going to buy up J.P. Morgan, and thus become the world's largest bank. Soon after these reports circulated, the silence of the graveyard greeted this megamarriage. And a few days later, the news was that it was not Deutsche Bank, but Chase Manhattan, that would buy up J.P. Morgan, and the deal was supposedly already worked out in the finest details. A financial newsletter, *Golden Sextant*, which is closely associated with Gold Anti-Trust Action Committee (GATA), which is battling against the manipulation of gold prices, reported on Sept. 19, that, as a consequence of failed derivatives gambles, J.P. Morgan was hard hit, and the takeover by Chase was nothing but a "bailout."

According to *Golden Sextant*, this was also the reason why the chief of the derivatives department of J.P. Morgan, Peter Hancock, resigned on Sept. 8, and it was the reason why the Chase takeover deal was packaged at such record speed. Such rescues, disguised to the public as takeovers, are nothing unusual, and Swiss financial sources say that this was the decisive reason for the merger of Union Bank of Switzerland and Swiss Banking Corp. two years ago.

The newsletter refers in this connection to the surprising and contradictory series of articles in the *Frankfurter Allgemeine Zeitung* at the end of August and beginning of September, which dealt with the manipulation of the gold markets

and with accusations by GATA in particular. On Aug. 25, the *Frankfurter Allgemeine Zeitung* carried an article entitled "The Gold Market Is Being Manipulated by Financial Institutions," which explained in detail how the price of gold had been artificially depressed for years, by means of futures sales of four times more gold than is produced in any given year, and these future contracts represented a "ticking time-bomb" for the participating banks and funds.

In this article, written in Frankfurt, according to the newsletter, the German central bank, the Bundesbank, had delivered a deliberate broadside attack against the plans, which still existed then, for a merger of Deutsche Bank and J.P. Morgan. Both Deutsche Bank and J.P. Morgan are massively exposed in gold derivatives contracts. Had there been a merger, then troubles at the largest banking group in the world would have fallen within the jurisdiction of the Bundesbank, and that would have represented a problem "which the Bundesbank obviously did not want to have."

On Sept. 5 and 7, the *Frankfurter Allgemeine Zeitung* published two articles, this time written in London, both of which vented their rage at the representation given in the article on Aug. 25.

Another indication of the corpses in the cellars of the large banks, is the fact that not only the chief of the derivatives department of J.P. Morgan had to step down, but this was followed in mid-September by the sudden and premature resignation, of Rolf E. Breuer, the chairman of Deutsche Bank.

### **More Stock Market Losses**

All of these developments are occurring in an environment pervaded by the extremely nervous stock markets, in which even the heavy-weights among the technology stocks are suffering severe losses. Relative to their record heights, the stock valuations of the three largest technology titles in the United States have recently practically evaporated: Microsoft has fallen from \$616 billion to \$333 billion, Cisco from \$555 billion to \$424 billion, and Intel from \$503 billion to \$322 billion. T-Aktie in Germany fell from 105 euro in March to less than 38 euro at some points, which is a loss of a hefty 64%.

Currency markets are also playing insane, so that extreme swings even among the five leading currencies are a daily occurrence. Stocks, currencies, and other financial titles form the basis, in turn, for the highly speculative derivatives contracts between the largest banks and the funds, to a total volume which corresponds to hundreds of trillions of dollars. There is also the gigantic debt of international corporations, especially in the financial and telecommunications sectors. The growth of worldwide indebtedness is so large, that it is only possible to describe it as a credit explosion that has run out of control. According to the most recent data of the Thomson Financial Data Service, the new debt of the largest debtors in the world is growing at an annual rate of 140%. The next financial corpse dumped into the cellar could well be one too many.

# Danes Reject Euro Currency, Again

by Poul Rasmussen

With a surprisingly clear margin, 53.1% to 46.9%, the Danes decided, on Sept. 28, to keep their national currency, the krone, and maintain their national sovereignty, rather than adopt the euro.

In the view of a vast majority of Danes, there must be a limit to how much political power a nation transfers to any supranational institution. This has been the key issue in all of the five referendums held in Denmark, since the country joined the European Common Market in 1972. It was

on this basis, that the Danes rejected the Maastricht Treaty in June 1992, to the great dismay of the European elite. Only after being granted four exceptions, did the Danes accept the treaty in another referendum one year later. One of these conditions, was the opportunity to opt out from participation in the common currency, the issue of this year's referendum.

This time, the question of national sovereignty was, to a large extent, surpassed by the issue of the general welfare of the people. In a world of privatization, liberalization, and globalization, the Danish and the Scandinavian welfare model is already under immense pressure. Free schools, free universities, free hospitals, public pensions, etc., are not exactly economic idols of the growing international herd of wild-eyed liberal monetarists. But nearly all of the Danish population, from the right to the left of the political spectrum, wants to maintain the welfare state, and a majority seriously doubted the assurances of the Danish government, that this system could, and would be defended even if the krone were replaced

## Don't Belittle Danish Voters on 'No' To Euro

by Lyndon H. LaRouche, Jr.

September 29, 2000—As of the close of the day, Thursday, it appears that the Danish voters have voted their patriotic preference for keeping their national currency, over the Euro, by a considerable margin. In and of itself, the presently reported outcome was generally expected, and, apparently, its most immediate effects had been pre-discounted by the usual “financial markets,” that during the several days preceding that election itself.

Nonetheless, only fools will belittle the Danish voters' decision. Although last night's reported poll was not an unexpected development, the early result will include not precisely predictable, but early and significant, catalytical effects on the international political and financial situation.

The captains of English-speaking imperial financier interests, are still in charge of the ship, still relishing their temporarily continuing authority to rattle sabers, make wars, to hire and fire subordinate executives, and to decide which passengers will die next; but, so far, they exhibit neither the intelligence, nor the will to save the ship known as the world's financial system from sinking. They bark their orders, but, for all of that, the ship is sinking at an accelerating rate, the turbulence stirred up by each new subsidence growls more loudly, and the shudders of its

subsidence are more menacing than a few moments earlier. In the case of those present authorities, allusions to “Hitler in the bunker,” are timely. That is the situation on the battlefield, on the evening after the vote in the Danish election has been reported. As the Prussian military advisers to Russia's Tsar Alexander I counseled in 1812: “The enemy appears to be winning, but, therefore, that fool is also losing.”

To sum matters up, we have entered a revolutionary period, in which the script is complete with featured inclusion of a powerful and mass-murderous, but doomed and tarnished former glory of the old regime. In fact, the only way in which to understand the present situation, is to take a point some short distance into the future, and to use that as a vantage-point to look backwards toward the present moment, to view the leading personalities of leading powers and mass-media voices of the current moment as the future will view them, as doomed voices of a recent past. We must adopt the standpoint of that future vantage-point in time, a retrospective view, from the future, of the present as tomorrow's self-doomed past.

In a situation like the present world situation, revolutionaries may be slaughtered, or triumph. Either way, they will be honored for their contribution to the more distant future beyond. But, the sidewalk superintendents and bookmakers of current history will be consigned to that Hell where the contemptible bask in the well-deserved disgust they have, once again, so richly earned in this present crisis, as in notable parallels from the history of the past.



by the euro. When Social Democratic Prime Minister Poul Nyrup Rasmussen conceded defeat late in the evening of Sept. 28, he emphasized that the Danes might be divided on the issue of European integration, but they are not divided on the defense of the welfare state.

Despite the fact that 80% of the members of the Parliament, all the leading news media, all the industrial federations, most of the trade unions, and most of the banks conducted a massive campaign to get the Danes to vote “yes,” 87.4% of the electorate showed up to vote, and 53.1% of them defied the establishment.

## Fuel Protests Start Economic Debate

by Rainer Apel

Four weeks after protests began in France, rising fuel prices continue to haunt most of western Europe, but the oil price issue has already been overtaken by other economic issues. Protesters are beginning to address the general course of European Union policies—for example, the deregulation of road transport and shipping, the set-aside measures for the farming sector, and the privatization of the energy sector in general. The most recent, speculative increase in fuel prices has just been the spark that sent Europe politically up in flames. And, this is a warning to the governments of Europe (if they care to recognize the writing on the wall), not to count on that protest ferment being easily bought off by some little concessions here and there.

The example of France, where the government showed “flexibility,” and granted concessions on the fuel tax, which ended the road and fuel depot blockades after one week in August, illustrates the underlying dynamic: During the last week of September, railway and urban transport workers paralyzed France, with strikes and protest actions throughout the country. The issue here, is more public sector investments, in personnel, equipment, rolling stock, in technical and safety upgrades, and, naturally, pay raises.

A similar protest wave is under way in Germany, where the labor unions, which have not backed the ongoing protests by long-haul truckers, have warned the government that it must review its plans for pension reform, or face labor outrage during October. Also, in Belgium, which was paralyzed by trucker protests during the first half of September, train and postal services were interrupted in late September, by strikes. Opposition to the privatization of the postal services is one of the motives for these strikes. Sweden, which has seen fuel protests during the first two weeks of September, may see

much bigger protests, because postal workers are soon expected to take to the streets in response to government plans to privatize the postal services, in an attempt to save money and handle services through the many little tobacco stores on neighborhood corners.

### EU, Government Policies Targetted

Lastly, the farmers: In numerous European countries, farmers are either exempted from paying fuel taxes (as in Britain) or pay less than other productive groups, so that the fuel price issue as such was not a trigger for protests. But, the broad public outrage at the speculative price increases for fuel has created an environment in which the farmers are bringing forward their genuine interests in improvements in their situation. In all European countries, farmers have been a crucial reinforcement to the “battalions” of protesting truckers. Representatives of one farmers’ protest group, “Farmers for Action” in Britain, have repeatedly stated that their protest is not against high fuel prices as such, but rather, against the general direction of government and EU policies.

What farmers want to reverse, is the devastation that has hit the rural regions, because of the set-aside policies and the Brussels EU Commission quotas that curb production, and farmers say they want just prices for their products, for example, from the commercial dairies and supermarket chains. The price-cutting methods of the supermarket chains have also been attacked, by spokesmen for the long-haul truckers in Germany, as one among the many fronts where deregulation is ruining thousands of firms in the freight industry, eliminating tens of thousands of jobs. The combined effects of these deregulation measures, radicalized free market developments, and the increased fuel prices, will eliminate up to 100,000 jobs in the road transport sector over the next two years, German truckers have warned. What they want, is for Berlin to intervene with the EU Commission and re-regulate the sector.

Farmers also played a crucial role in fuel price protests in Spain throughout September; in mid-September, more than 100,000 of them took part in numerous tractorcades and road and fuel depot blockades throughout the country. Madrid, which still refuses to make more substantial concessions, has been warned that what happened in September, is only a prelude to what may happen. Also, Spanish fishermen have been very active in the running blockades of seaports and of several offshore oil platforms of British Petroleum and other oil companies. Fishermen have protested in France, Britain, Sweden, and Germany, as well.

### ‘The Guardians of Maastricht’

In every case, the policies of the national governments, which follow EU Commission budgeting regulations, have come under attack on many more issues than just the fuel prices. The nature of these protests throughout the EU is

certain to be further enhanced during the coming weeks, by statements such as the one by EU Commissioner for Transportation Loyola de Palacio. Governments should not make any concessions on the fuel taxes, she said on Sept. 23, because that would “distort competition” and violate EU “budgeting rules.” “We are the guardians of the Maastricht Treaty,” she declared. “The governments know the rules, which they voted to implement, and they know what the treaty says.”

De Palacio’s remarks made strikingly clear that there is indeed a deep gulf between the interests of the people, and those of the designers of the Maastricht Treaty. And protesters know that as well, since they have been attacking the governments and the Brussels EU bureaucracy, rather than the oil firms. If the Danes vote “no” against joining the Maastricht European Monetary Union, in their national referendum on Sept. 28, this anti-Maastricht ferment will be strengthened throughout Europe.

In Germany, the biggest fuel price protests yet were on Sept. 26, when more than 7,000 trucks, buses, and tractors rolled into Berlin, in a “national day of protest.” The “17th of June Boulevard,” the main road leading toward the world-renowned Brandenburg Gate from the western part of the city, was filled with parked heavy vehicles, and about 2,000 truckers and farmers concluded their day of action with a rally at the Gate. And, because the government had already stated that it would not be budged one inch by these kinds of protests, several hundred protesters walked the short distance from the Brandenburg Gate to the Reichstag building, where the national parliament meets, demanding that the politicians meet with them to discuss the crisis. Finally, Anke Fuchs, a deputy speaker of the parliament, managed to calm the situation down, when she offered to meet a delegation of five protesters in her parliamentary office.

### **Greens Hated More and More**

Whether the intervention of Fuchs, a former assistant cabinet minister and a leading Social Democrat, achieved much in repairing the shattered reputation of the Social Democratic Party-led government of Chancellor Gerhard Schröder, is doubtful. As long as Schröder maintains his coalition with the Greens, he will continue to be the target of attacks like the ones launched against him by the truckers on Sept. 26. Environmental Affairs Minister Jürgen Trittin, a leading Green Party member, was singled out by the protesters, who called for his instant dismissal. The public mood in Germany has now definitely turned against the Greens, and the rising fuel prices, with their heavy “eco-taxes,” have just made tempers boil over. What happened on Sept. 22 was revealing: The “Day Without Cars,” which the Greens and their ecological co-thinkers had scheduled throughout Europe to demonstrate that a life without gasoline were allegedly possible, was simply ignored by Germans, and by other Europeans as well, who drove their cars as on any other Friday.

# Natural Gas Price Shock Is Under Way

by Marcia Baker, William Engdahl, and John Hoefle

While headlines have been covering price jumps for gas at the pump, home heating oil, and barrels of crude, and pointing the finger at the Organization of Petroleum Exporting Countries, natural gas sticker shock in North America, where supplies are produced almost entirely at home, is every bit as bad, and set to get much worse. One-quarter of all the energy used in the United States is from natural gas. More than 55.6 million homes use natural gas, far more than use fuel oil.

Natural gas prices in the United States, Mexico, and Canada have risen over 100% in the last six months. In the Northwestern states, for example, waves of shutdowns have been announced in mining, pulp-and-paper processing, and other activities, because of both high electricity rates, and sky-high natural gas prices. Farm expenses are intolerable. Millions of households are receiving notices from their gas companies, like the one sent on Aug. 25 to a Nebraska home by UtiliCorp (EnergyOne, in Omaha), “Dear Valued Customer: Faced with historically high natural gas prices . . . EnergyOne will increase your monthly StreamLINE amount beginning with your October statement. . . . The estimated amount of your new monthly bill will be \$32 up from your current amount of \$18.”

On Sept. 21, American Gas Association planning executive Roger Cooper told a Congressional hearing that they will try to keep the rise in natural gas prices to customers this winter to 27%! On Sept. 20, governors attending a natural gas summit in Columbus, Ohio, were told to expect home heating bills to rise 40% this winter, and industrial bills to rise 100%. In Mexico, gas prices are up for the steel and mining sectors by 150% already.

In effect, the United States, Mexico, and Canada are being told: “Dear Esteemed Nations, you now must pay us anything we ask for energy, and still, you may not get any.” Who is sending these letters?

### **The Major Speculators**

**Table 1** shows the major speculators in the futures markets for energy derivatives—gas, oil, and electricity. These 13 corporate (non-bank and non-hedge-fund) speculators in the energy futures markets, have close to \$1 trillion worth of energy futures, according to estimates by the *Swaps Monitor*, a New York-based business speculation magazine. The spot-market price for natural gas has risen over 300% in recent

TABLE 1

### U.S. Non-Bank Commodity Derivatives Dealers Notional Values of Derivatives Contracts, 1999

(Billions \$)

Dealer	Gas	Oil	Electricity	Total
Duke Energy	79.0	0.0	16.0	94.9
El Paso Energy	58.0	0.8	2.4	61.2
Williams Companies	19.0	23.4	2.8	45.2
Amerada Hess	—	—	—	41.9
Enron Corp.	27.3	4.6	7.3	41.4
Sempra Energy	—	—	—	24.6
UtiliCorp United	22.6	0.0	0.1	22.7
PG&E	—	—	—	20.7
Avista Energy	5.4	0.0	13.4	18.9
Texas Utilities	14.2	0.0	4.0	18.2
Dynegy	12.9	0.9	1.5	15.3
Reliant Energy	4.1	0.6	1.1	14.1
American Elec. Power	—	—	—	13.1
<b>Total of Above</b>	<b>242.4</b>	<b>30.3</b>	<b>48.6</b>	<b>432.1</b>

Source: *Swaps Monitor*.

months. This directly plays into the price eventually charged to the factory, household, commercial establishment, or power generating plant.

Thirty years ago, when the U.S. natural gas industry was still regulated in the national interest, these “price futures markets” did not exist. Now, after deregulation and globalization, not only is there a casino for natural gas bets, but also the very same players are the companies which interconnect, through their financing, boards of directors, legal channels, and so on, with the networks dominating the physical production, transmission, and retail operations of natural gas.

One of the leaders of the pack is Texas-based Enron, formed in 1985 as a merger of two natural gas companies, and which is the largest donor by far to the Bush campaigns, contributing over \$550,000. All the companies are heavily behind the Bush and Gore “Clean Air” environmentalist campaign pushing natural gas.

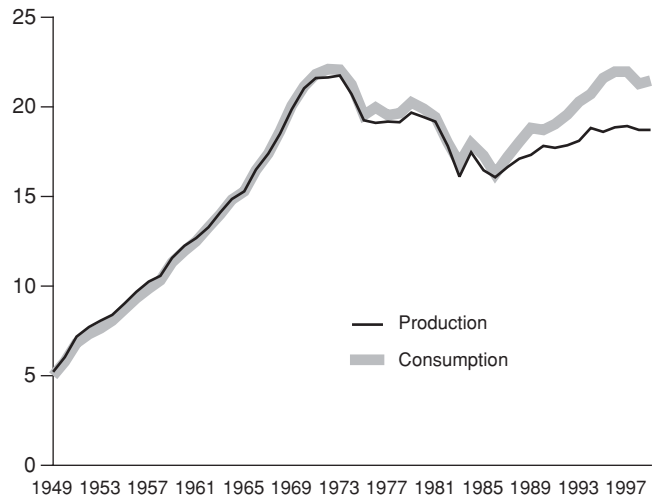
The top four integrated natural gas companies (equivalent to the oil mega-majors Mobil-Exxon, BP-Amoco-Arco, etc.) in the United States, according to Standard and Poor’s ratings, are Columbia Energy Group, Consolidated Natural Gas Co., Enron Corp., and Questar Corp. Likewise, the actual pipelines transporting the gas on the continent are in the hands of a select few companies: Coastal Corp., El Paso Energy Corp./DE, Sonat Inc., TransCanada Pipelines Ltd., and Williams Cos. Inc.

Is it any wonder that these gas, pipeline, and mega-energy speculation interests have not taken steps to ensure there is ample natural gas for national use in the United States, Mex-

FIGURE 1

### U.S. Natural Gas Production Falls Behind Consumption

(Trillion Cubic Feet)



Source: U.S. Department of Energy, Energy Information Agency.

ico, and Canada? Shortages are part of their “equation” for derivatives. Their goal is control and hyper-profits, not the general welfare.

According to Dain Rauscher Wessels, a Houston-based gas consulting firm, the United States is coming into this winter with natural gas inventories of less than 2.585 trillion cubic feet (tcf), which, they say, is “the lowest ever,” and 5% lower than the previous lowest levels in Fall 1996. “A cold winter,” they warn, “could trigger a disaster,” with a drawdown of nearly 2.4 tcf in winter, largely for home heating. That, in turn, would leave inventory next Spring, at an all-time record low of 1.186 tcf, at the period of high demand from industrial and utility users. (The “best-case scenario” would still be dismal, where, in the case of a warm Winter like 1999, the drawdown would be still be about 1.9 tcf.)

### Geostrategic Cartel Control

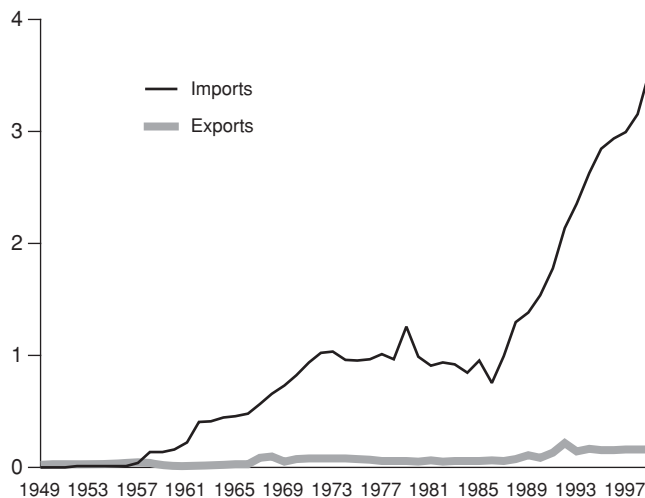
Figure 1 shows that as of the 1970s, natural gas production in the United States, which rose with consumption for 25 years after World War II, began to fall. This decline does not reflect depleted potentials, or other natural constraints, but rather, the policy-shift of the 1970s to deregulation. A large portion of the independent well owners, rig companies, and related industry could not stay in business under unstable conditions.

In the 1970s, there were two international energy shocks. In 1971, the dollar was unpegged from gold, and floating currency exchange was begun. Then, in 1978, the Natural Gas Policy Act began the phasing out of a Federally ensured price

FIGURE 2

**U.S. Natural Gas Imports Rise**

(Trillion Cubic Feet)

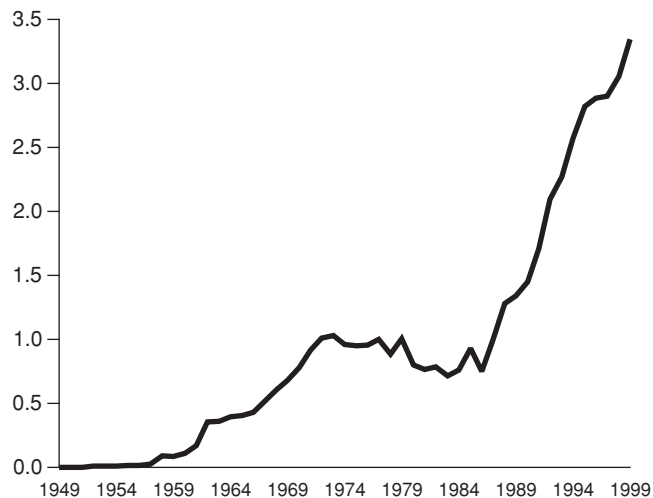


Source: U.S. Department of Energy, Energy Information Agency.

FIGURE 3

**U.S. Natural Gas Imports from Canada**

(Trillion Cubic Feet)



Source: U.S. Department of Energy, Energy Information Agency.

for natural gas at the well-head (a parity policy begun in 1938). This set the stage for repeated shake-outs of independents. In 1998, a period of drastic declines in commodity prices (minerals, oil, precious metals, agricultural outputs, etc.), the number of natural gas rigs in the United States was cut in half. The number has risen since, but the policy insanity is clear.

The strategy of the cartel companies? Crank up Canadian output—under cartel control. Build pipelines—under cartel control. Make sure Mexico does not develop its rich oil and gas resources independently. Demand more deregulation of U.S. state laws—so that prices can be passed on to the customer. Set the price on speculative markets, then sit back and make a killing.

**Figure 2** shows the take-off of natural gas imports into the United States in the mid-1980s, under increasing deregulation. **Figure 3** illustrates rising Canadian exports—almost all of which goes to the United States.

Underscoring the cartel resources-control strategy, in November, the new natural gas transmission line, known as the “Alliance Pipeline,” will be officially opened between north-eastern British Columbia and Chicago, Illinois. The Canadian portion consists of 211 miles of 36 in. diameter (914 mm) steel pipe; the U.S. portion is 888 miles long. With the Alliance Pipeline, cartel spokesmen project that Chicago will become the center for pricing for various futures speculation markets, replacing the current “Henry Hub” reference price in Louisiana, a gas price, in effect, tied to West Texas Intermediate Crude oil.

**Figure 4** makes the point that there are different gas prices for end-users (residential, commercial, industrial), which have been shifting during the increasing deregulation since

the mid-1980s. Since the lowest point two and a half years ago, natural gas prices overall have shot up 333%, from around \$1.50 per 1,000 cubic feet, to \$5 at present. So, who should pay the most? Mega-company Sempra, owner of San Diego Power & Light, suggested to the Sept. 20 Governors Summit that gas-heat and gas-industry users be stiffed, and let electric companies get more gas and pay less.

Special upward pressure on gas prices is now coming from the “cross-over” effect from those energy users (power plants, industries) which have the technology to switch from oil to gas. ICF Consultants, based in Fairfax, Virginia, which has a computer model of the North American natural gas industry, recently reported, “Even slightly increased demand for gas resulting from users switching from oil to natural gas, raises natural gas prices.” During the power emergencies and the 300% price spike in fuel oil for power plants over the past six months, numerous U.S. power plants switched from oil to gas in a desperate bid to hold electricity prices to their customers in check.

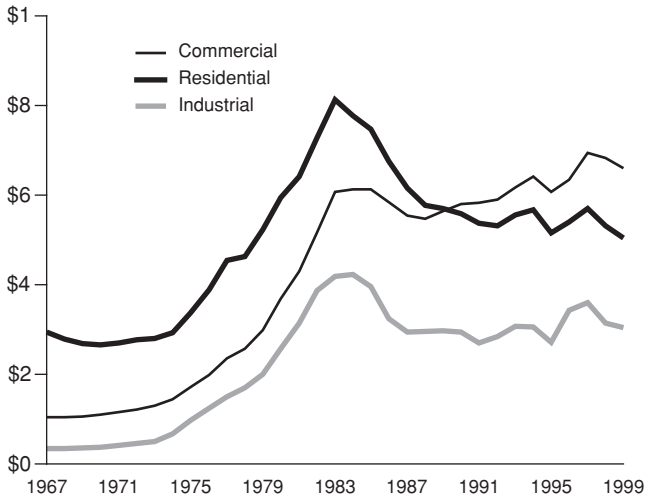
Since 10% of U.S. electricity is now dependent on natural gas, power generators have gone begging to state authorities for the right to raise rates to customers.

Moreover, part of the natural gas cartel strategy over the past two decades has been to push for a major shift over to natural gas-based electricity production. At present, 55% of power plants use coal; 20% nuclear—and these energy sources are to decrease under the natural gas geo-strategy. Ray Deacon, of Dain Rauscher Wessels, points out that more than 275 new gas-fired electric power generation plants are planned for completion by 2006. This is almost the entirety of all U.S. new power plants on order.

FIGURE 4

## U.S. Natural Gas Prices: Residential, Commercial, and Industrial

(Dollars per 1,000 Cubic Feet)



Source: U.S. Department of Energy, Energy Information Agency.

## Gas Cartel Gives Orders to Congress

In late September, Congressional hearings took place almost every day, with the biggest energy and speculation companies—Duke Energy, Goldman Sachs, and others—telling Congress to give them more rights and privileges.

On Sept. 28, reflecting the mega-companies, the chairman of the Federal Energy Regulatory Commission said to the House Commerce Committee, “Over two decades ago, Congress and the Commission began encouraging the development of competition in the natural gas industry, and this competition has produced substantial benefits for consumers. The recent increase in natural gas prices should not weaken support for competitive market policies.”

Speaking for Duke Energy Gas Transmission Corp. (on behalf of the Interstate Natural Gas Association of America), Robert B. Evens, Duke Energy president, threatened Congress, saying, we “are prepared to deliver the full contractual firm requirements for our customers for this Winter,” but then gave them a color map of the continent showing where the gas cartel companies want the government to lift Federal restrictions on access to new gas fields. (The fields identified by Duke are offshore from California, the Eastern states, and western Florida, and in the Rockies, centered on Colorado and Wyoming.)

## Mexico’s National Steel and Mining Hit

In Mexico, the natural gas price hyperinflation is wreaking havoc in the industrial centers. In the leading industrial state of Nuevo León, 500 companies may shut down. The 150% increase in the natural gas price this year has caused the Hylsa

steel complex to suspend its mining activities in the states of Colima, Jalisco, and Michoacán, affecting the Cerro Nahuatl, El Encino, and Aquilas mines which supply it with ore.

In Monterrey, three reduction plans will also shut down, while the Puebla plant is operating at 50% capacity. More than 1,200 workers will be affected directly, and another 6,000 indirectly, including supplier and contractors. The Canasintia industry association has warned that 250,000 workers could be laid off in the glass, ceramic, and steel industries this Winter, because of high natural gas prices. Hylsa has announced that this situation will remain in effect until the gas price “returns to reasonable levels.” Nuevo León Gov. Fernando Canales Clariond has said that Hylsa will now depend on its branch in Venezuela to supply steel to Mexico.

On Sept. 22 a conference on the crisis was held by the Chamber of Nuevo León Transformation Industry (Caintra). There was discussion of the fact that natural gas prices in Mexico are set by the state oil company, Pemex, based on the price in southern Texas. Many businessmen are now demanding that Ernesto Zedillo’s government instead sell natural gas “at a different price, not the international one,” because the situation is untenable. Caintra President Sergio Gutiérrez Muñerza said, “There are only two options: Negotiate and accept what [the government] offers, and wait for the new [Vicente] Fox government, or become shock troops.” Some agreed that the “shock troop” option was what was needed.

## Focus on Enron, Speculators

The Caintra meeting was called to allow a representative of Enron, an energy conglomerate, to present its case for reacting to the high prices by hedging with energy futures. Enron’s Jaime Williams lobbied Mexican businessmen, to induce them to speculate with various derivatives instruments, in the name of protecting their companies against the “risk” of natural gas price changes.

In opposition to this, *EIR* correspondent Benjamín Castro polarized the room with a sharp presentation of Lyndon LaRouche’s proposals and analysis of the world strategic and financial crisis, particularly on the need for state-to-state oil contracts. “What are you going to do—go into derivatives every time the price rises on something?” Castro asked. “I think what Enron is trying to do is set up a financial and speculative operation, taking advantage of your penury and the collapse in production.”

Reflecting the concern about what was going on in the United States, a representative of the Mexican Gas Company reported that, at the U.S. governors meeting the day before, the governor of Alaska had argued against any attempt to regulate “the markets,” warning that this would lead to a price increase.

The final resolution of the Caintra gathering demanded that the Finance Ministry—not Pemex—act immediately to lower fuel prices, instead of thinking of how much money Pemex could pull in for Mexico, because of the increased oil prices to OPEC members.

# Oil Industry Gutted Refining Capacities

by Jeffrey Steinberg

As **Figures 1** and **2** document, for the past 20 years, the U.S. petroleum industry has gutted its refining capacities, by failing to invest in new refineries, thus contributing mightily to the present oil price crisis.

U.S. refining capacity reached a peak of approximately 19 million barrels per day in 1979-80—just before the explosion of deregulation. At the time, American refineries were operating at less than 70% of capacity. The steep decline in capacity utilization during the second half of the 1970s was, in part, a reflection of the Carter Administration's implementation of the "controlled economic disintegration" doctrine of the New York Council on Foreign Relations and Trilateral Commission. This policy was compounded by Federal Reserve Board Chairman Paul Volcker's high-interest-rate policy, which further gutted American industry and agriculture.

By normal industry standards—i.e., pre-deregulation, or prior to today's intense speculation—new refinery capacities

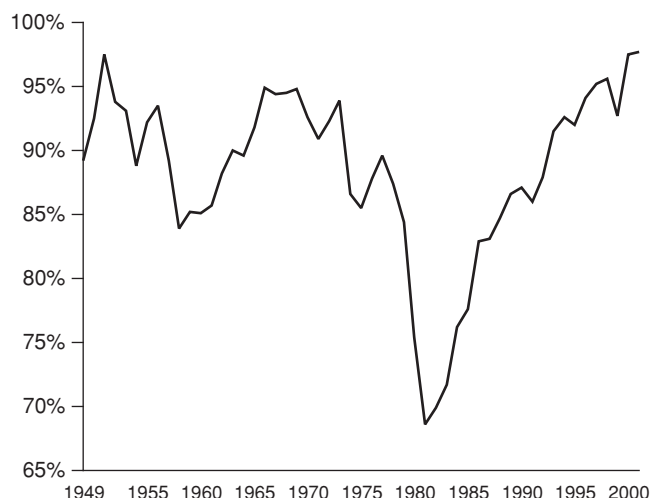
should be built whenever production capacities rise above 75% utilization. That point was reached in 1984. However, the oil industry, instead of investing in new plant and equipment, moved, increasingly, toward a "just in time inventory" system, in which inventories were depleted, as a means of avoiding investment in new refining capacities. At every turn, the spot and future market speculators were sitting in the wings, exploiting these disastrous decisions by establishing further control over prices.

For a number of years, in the mid-1990s, the major petroleum multinationals saw it to their advantage to keep prices artificially low, in order to drive independent and middle-sized oil producers and retailers out of business. In the past year, with control over U.S. retail gasoline prices in the hands of four gigantic oil companies, prices have gone through the ceiling. And refining capacities are near 100% utilization.

There is no short-term solution to the present oil price crisis, and the looming shortages of refined home heating oil this winter, unless the global refining capacities are brought into play. According to the latest statistics available through the International Energy Agency (IEA), Mexico is only using 74% of its refining capacities, Japan is using 77%, and Canada is using 86%. Italy is at 75% of capacity. Every other member of the Organization for Economic Cooperation and Development is at or near full-capacity utilization. No data are available from the IEA for non-OECD countries, including OPEC member-states.

FIGURE 1  
**U.S. Oil Refinery Utilization**

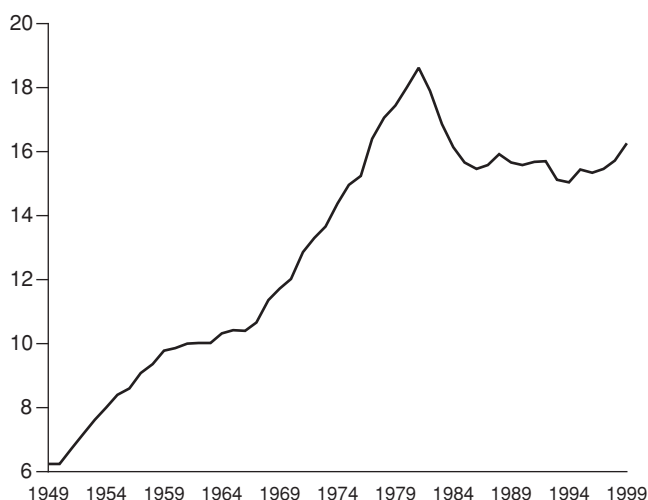
(Percent)



Sources: U.S. Department of Energy, Energy Information Agency; International Energy Agency, Monthly Oil Report, July 2000; other oil industry sources.

FIGURE 2  
**U.S. Crude Oil Refining Capacity**

(Millions of Barrels per Day)



Sources: U.S. Department of Energy, Energy Information Agency; International Energy Agency, Monthly Oil Report, July 2000; other oil industry sources.



# Malaysia's Fight for Economic Development and Sovereignty

*Dato' Seri Rafidah binti Aziz, who is the Malaysian Minister of International Trade and Industry, was in New York in late September, with a delegation of members of parliament, government officials dealing in trade relations, and numerous Malaysian businessmen. The purpose of their visit, which included stops in Chicago, Boston, and other major cities, was to promote trade with Malaysia, and to encourage American businessmen to invest in their economy.*

*In her remarks to the seminar on "Business Opportunities in Malaysia," attended by several hundred businessmen, she compared the situation in her country now, to what it was the last time she visited the United States, in 1998. That was during the height of the regional economic crisis, whereas now, following the exchange and selective capital control measures instituted by the government, the Malaysian economy, she said, is rebounding. Those critics who called the measures "unorthodox," have been proven wrong, because they worked for Malaysia.*

*Minister Rafidah Aziz stressed the role of the real economy, in Malaysia's economic recovery. Gross Domestic Product for 1999 was 5.8%, which is expected to be matched this year as well. Citing several statistics on production and trade, to document the recovery, she emphasized that 80% of the country's global exports have been manufactures, including in trade with the United States, which accounts for more than its trade with Russia, India, and eastern Europe combined. Manufacturing accounts for one-third of GDP, as well. The emphasis on developing and expanding the manufacturing sector, is based on the government's understanding that manufacturing is the "real economy." As Minister Rafidah Aziz said, foreign investments go into various sectors, into hotels, privatization, equity, and so forth, but these are not taken into account by the government, in calculating foreign direct investments. It is investments, both domestic and foreign, into the manufacturing sector, which count. Malaysia will become a fully industrialized country by the year 2020, she said, and has defined its development priorities to include raising the technological level of the economy, and expanding education and health care.*

*In the course of the lively exchange with the participants, the Minister was asked about "human rights" concerns in Malaysia, related to the case of Anwar Ibrahim. Her answer was to the point: "What do you want to know about Anwar?"*

*she asked. The man had been accused of crimes, according to Malaysian law, and tried in court. It has nothing to do with human rights. The details of the case, she said, were reported on "ad nauseam; just like your white spots on the blue dress, we had spots on mattresses," until one was fed up with it. However, the trial had to proceed, in all transparency, and did. Anwar Ibrahim was found guilty and sentenced according to Malaysian law. No one, she said, "should have the temerity to make any value judgments on anybody's legal system," just as no one should do the same to the American legal system.*

*Asked about the rising oil prices, she said that, were they not checked, they would have an adverse effect on industry and consumers. Therefore, she explained, the Malaysian government adopts an interventionist policy, and regulates prices at the pump, through the mechanism of a duty, forgoing it when prices rise.*

*Minister Rafidah Aziz gave the following interview to Lynne Speed and Muriel Mirak-Weissbach, in New York, on Sept. 25. Questions which EIR asked during the seminar, have been integrated into the interview.*

**EIR:** Malaysian Prime Minister Dato' Seri Dr. Mahathir bin Mohamad has talked about the need to achieve real economic independence, as a means of ending colonization, and establishing true national sovereignty. In this context, how do you view the current period, especially the joint work between Africa and Asia, to conclude the promise going back a half-century, to gain national sovereignty and independence for those two continents?

**Rafidah Aziz:** I see a progression of events as follows. One, with economic interdependence globally, there is a risk of countries losing their economic sovereignty. Because of globalization, there is an erosion of economic barriers, and some small economies may not be able to hold their own, and may lose sovereignty by default; large multinationals move in, take control of markets, take control of resources, and it may eventually lead to some erosion of their economic sovereignty. That's the reality, the result of extreme economic interdependence among countries.

Perhaps it is, realizing this, that many countries now begin to look seriously at trying to protect their economic sovereignty. Malaysia is one of those, because we have gotten

ourselves out of the colonial hold, we are politically independent, and we must continue to have our independence manifested in our ability to determine our economic destiny. There's no point in being politically independent but economically tied to others. That is something that countries like Malaysia want to do now, to make sure that we are able to determine our economic destiny. That does not mean breaking off ties to people, that does not mean being economically "independent"—you can't, the world is such—but we must realize that in the context of economic interdependence with everybody else, we know our place, we know our strength, we know . . . how to put value on our inputs into the interdependent relationship.

In other words, we can make decisions on our own. If we find that in an interdependent relationship, something is not going to benefit us, we opt out. For example, the currency situation: We decided to opt out, because linkages with the rest of the world via the currency network is not helping us at all. So we opt out, pegging the currency. That's what I meant.

**EIR:** We've seen in Sudan, the results of Malaysia's cooperation there, on the pipeline project. Can you say more about Malaysia's perspectives for cooperation with other African countries, in the petroleum sector, as well as others?

**Rafidah Aziz:** In Sudan, we have a comprehensive program. Malaysia believes that we in the South must work together with the rest, and if there is any sharing of expertise that we can do, we should do that. So, Malaysia believes, that where we do have expertise, we have to share it; so we encourage companies to do work, in the South-South program—in the area of petrochemicals, in construction, highway construction, housing, consultancy in the service sector, engineering, not to mention in trade itself. In fact, we do have a government-sponsored Malaysian Technical Cooperation Program, MTCP, where, we do believe, in addition to doing work in other countries, we should try and gather the human resources of these countries together and share experiences. Through this MTCP, we bring personnel every year from all over the world, from South countries, to come and study in Malaysia, whatever they study—in technical areas, investment, and trade promotion. They stay for some length of time, and we hope that, after looking at the subject matter more closely, sharing their experience with their friends from other countries, they go back and help to rejuvenate their own economies, in their own areas of operations. So, that is how we put in our little contribution to South-South cooperation. We believe in this very, very strongly, and we don't use this as "talk shop," we do it.

**EIR:** On the oil price rise: Normally, it is said, the price is determined by supply and demand, but today we see that production is very high. Several Organization of Petroleum

Exporting Countries (OPEC) officials have said that it is due to speculation, and the contraction of refining capacities. As an oil-producing nation, which has fought speculative attacks, how would you respond to the proposal made by *EIR* founder Lyndon LaRouche, for emergency state-to-state cooperation between producer countries and consumer nations, for deals on energy, prices, and supply, to bypass the speculators?

**Rafidah Aziz:** One can't separate producers from consumers; for example, Malaysia is a producer and also a consumer. It has to be seen as a global problem. Maybe we will have to find replacements, to offset the volatilities in the oil price. He is right about supply and demand not being the factor. It's just like currency: Why speculate on anything that stops normal supply and demand? People keep physical stocks, people speculate on non-physical stocks—sometimes that's even worse than rises determined by actual physical stocks. People speculate on something that's not even there. That's even worse.

It's not that easy to just say, "Get together." Even OPEC cannot get together. It's not easy, even for other commodities, like rubber. We pulled out of INRO, the group of rubber producers, because we could not agree on price stability. It's like the currency problem: There is a lot of talk, but little action.

**EIR:** You mentioned in your speech that the 1997-98 crisis, afterwards, only appeared to have been a "blip on the screen." Certainly, Malaysia's exchange and selective capital controls have worked well to stabilize the currency and the economy. However, the past several weeks, especially last week, have shown in the international currency and stock markets, a systemic crisis is here. U.S. Treasury Secretary Larry Summers had to reverse his policy Friday, to support the collapsing euro, because of what was identified as a "threat to the system as a whole." My question is, since Malaysia has pioneered these exchange and capital controls, which have been very successful, and since the ASEAN-Plus-3 [ASEAN plus China, Japan, and South Korea] countries did deliberate in the Chiang Mai meeting last spring, to establish an Asian Monetary Fund, how do you see the possibility of this initiative becoming a regional building block for a new monetary system worldwide, a new Bretton Woods system?

**Rafidah Aziz:** So much has been said about reforming the international financial architecture. I've always said, too many people talk about having this architecture, but nobody is coming forward, to be the architect, to set up this new architecture. It has been three years now, and we see no signs of the new financial order coming up, and unless people really put their minds to it and work together to bring about some changes in the way the financial system works internationally, we will still see the U.S. having to support the euro, or currencies collapsing here, there, and everywhere, and volatilities



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*If you want to trade currency, maybe you could have a two-tier system: currencies transacted to pay for exports, and the other one, trading for hedging purposes. It can be done, surely. People have gone to the Moon, and set up space stations. I don't see why they cannot do this.*

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affecting individual economies very, very badly. So, Malaysia took the very brave stance of just pegging our currency to the dollar, and did not allow the currency to be manipulated, to be traded offshore, and to make it not convertible offshore. So now we have stability. It is so important to have stability, for decision-making, both in government and the private sector. It has worked for us.

So, when we talk about having an Asian Monetary Fund, that was a regional initiative, to try to input into the more stable system in our own region. But even more important is a global initiative. No amount of regional blocs can make up for a strong international architecture. (And I hate to repeat the word “architecture,” but it’s been mouthed by everyone, so let it be.) So, you may have good rooms, but that will not make a good house. You may have a good kitchen, a good living room, but they’re not well coordinated. It doesn’t make for a habitable home. So here, we’re talking about designing a proper home, which does not allow for volatilities and instabilities, and where currency trading can be regulated.

When I say regulation, one thinks, “Oh, you want to control everything.” I would just like to reiterate, when I was very young, and studied economics many, many years ago, we were taught that when people demanded somebody’s currency to pay for the imports you buy from that country, and your currency has a stronger value, because you are exporting so well—today, currencies’ values do not reflect trade performance, nor do they reflect the strength of the economy. They just trade currency as another commodity. You buy and sell currency, like you buy and sell oil, or ethylene. That’s what currency has become. It’s not something to pay for transactions. It has changed. The whole thing has changed. We have to go back to basics. Let the demand for currency on the markets reflect the payments for trade, the transactions in trade, and not buying and selling currency for currency’s sake, as a trading item or commodity. As we look at the Asian Monetary Fund as a regional initiative, nothing can replace the international perspective of having a new monetary system.

As for the “blip on the screen,” that’s an expression for Malaysia. When the first crisis hit, some said it was a blip on the screen, others said, no, Malaysia was going to the dumps. Now it looks like a blip on the screen. Perhaps the screen will show a blip a few more times.

**EIR:** Do you know of any plans or attempts that have already been made, to approach other regional blocs, from the side of ASEAN-Plus-3, or the Malaysian government, in order to engage in a broader effort, such as the Arab world, the Organization of Islamic Conference, Europe, or Ibero-American organizations?

**Rafidah Aziz:** We do not do it on a regional basis, but we talk to other people, whether they belong to some regional grouping or not. For example, in the G-77, when we discussed the crisis, world problems, we mentioned the need for the international resolution to this problem. We talked in the G-15, in APEC [Asia Pacific Economic Cooperation Forum]. We very, very strongly enunciated that in ASEAN, and we talked to the Latin Americans, during our bilaterals. So, we talk to everybody—put it that way. And with Europe. And I’m sure that when we talk at the ASEAN-Europe meeting coming up in October, we will also be addressing that, because everybody will have to be made to realize that this has got to be a collective effort.

**EIR:** What have the responses been?

**Rafidah Aziz:** The responses have been the same: They all agree that we should have a new financial structure, a new architecture; they repeat the same boring enunciations—it’s like having a repetition, it used to be the gramophone, a broken record, now it’s the compact disc, the same CD played over and over again, except that there’s no new input to the tune, period. We heard the same tune three years ago; now, we’re hearing the same tune. There are some little refinements, but still nothing has come out of it. There has been a forum—well, they have said, there’s already a forum. Well, a forum is a forum. We want to see somebody actually evolve the structure, input it into the IMF [International Monetary Fund] or the World Bank policy structure, so that it can become a global framework. We are small, we cannot do that on our own, no region can do it. It has got to come from an international cooperative effort.

**EIR:** Of course, the IMF and World Bank are opposed to this; they are trying to absorb the AMF.

**Rafidah Aziz:** That is the problem.

**EIR:** What we’re talking about, is a new monetary system,

that will replace the IMF system.

**Rafidah Aziz:** Yes, yes, but that's what I mean. That's the problem. They don't see it as something that needs a global resolution, they see it as something regional. We're saying, no, in 1997 there was a regional crisis, but you must remember that had global repercussions as a result. There were other currencies, totally unrelated, that collapsed—Russia, in 1998; and some of the African countries—Zimbabwe, the South African rand, all collapsed. They had nothing to do with us, but that's the way things work now. The chain reaction was very global.

**EIR:** The reason why the IMF will not take up this idea, is that the IMF sees this—correctly—as a replacement for itself. Because the IMF system is bankrupt.

**Rafidah Aziz:** True, but the people who manage the IMF must realize, that times have changed, ways of doing business have changed. We see no reason why the way the IMF is structured, should not change. I don't see why the IMF should not evolve structurally, keeping some areas of the IMF intact, but changing the ones that plug the loopholes, as far as currency trading, or unregulated currency trading, is concerned.

What is important, is step-by-step analysis. What is the most important thing that has contributed to the problems that we are now facing? The regional crises, the currency crises? One is unregulated currency trading. I don't think one can stop currency trading per se, because you still have to pay for your imports. Currency will have to be traded, bought and sold, in order to pay for your imports, transactions will have to be cleared, so you need money, you need to have foreign exchange transactions. That's what I call currency trading, not trading in money. What we have now, is two things: one is transactions in currency, to pay for exports and imports, the other is *trading* in currencies. Now—I'm just being very realistic—let's split these two: Basically, if you look at what's happening in the world, transactions in currencies for trade have never been a problem, but once people start trading in currency, then there's a problem, that's what you have to regulate, not the other one.

**EIR:** You mean, fixed exchange rates, which then kills speculation?

**Rafidah Aziz:** That's it. But is a country like the U.S. ready to agree to such a thing? Because in this country, currency trading (not currency transaction) is quite important.

**EIR:** Yes, over 98% of foreign exchange transactions per day are related to this, less than 2% relate to trade in goods and services.

**Rafidah Aziz:** Exactly. You see, is the government of this country willing to ease that out? Fine, so then, bearing in mind the reality of it all, then they should contribute toward the regulation of that trade, so that it does not contribute toward

jeopardizing economies. I mean, if you want to trade currency, maybe you could have a two-tier system: currencies transacted to pay for exports, and the other one, trading for hedging purposes, you can split that. You could fix the first one, but have a different format for the hedging. It can be done, surely. People have gone to the Moon, and set up space stations. I don't see why they cannot do this.

You have a two-tiered system. With different arrangements, so that one does not stop the economy at all, because it's based on fundamentals, based on trade.

**EIR:** Are you talking about the system that we had before 1971?

**Rafidah Aziz:** It's not that it has never been tried. It worked very well. Then, people decided to go one up, and said, now let's deal in currencies. Just look at paper. So you get paper at the end of it all, useless paper.

**EIR:** Vice President Al Gore, when in Kuala Lumpur at the APEC conference in 1998—

**Rafidah Aziz:** You want to remind me of that?

**EIR:**—openly supported the mobs in the street, and in the name of democracy called for insurrection. You, I think, accurately described this as one of the most disgusting speeches you had ever heard. Again, recently, U.S. Secretary of State Madeleine Albright, at the Warsaw conference, under the guise of democracy, made various proposals, which were rejected by French Foreign Minister Hubert Védrine. My question is, have you in Malaysia, as a result of the innovative stands you have taken, continued to have interference in your internal affairs, under the guise of democracy?

**Rafidah Aziz:** We do see that happening. For example, when the verdict on Anwar was announced, we had people here criticizing it, commenting on it, and we had Madeleine Albright saying something to the effect that Malaysian people deserve a better leader. Well, I say nobody outside of Malaysia has any business saying what kind of leader Malaysia should have, because we elected our leader through the democratic process. The fact that some foreign so-called leaders have the cheek to comment, shows that they don't understand democracy. Democracy means, you allow the people to choose whom they want to lead them, and they've got those leaders, so that's democracy. Now, who are you to say, that those are not the right leaders? You are being undemocratic. You are denying us the democratic right. It's as simple as that.

So, sometimes we wonder why some outside leaders want to interfere. Do they have their own agenda? That includes reining in small countries like Malaysia, into their political corral, for whatever reasons; otherwise, why don't they stop interfering? We don't want anyone to interfere in our own backyard. In fact, it is not our backyard. They are interfering into our own bedroom. The government is a bedroom. You

want to interfere in the bedroom, whom we sleep with? I think that's bad, very undemocratic. They can go to bed with whomever they like, we don't care, but don't tell us whom we should fraternize with. Literally.

**EIR:** You mentioned in your speech, the cultural onslaught, through TV, videos, music, of culture which we consider very negative and destructive. How do you deal with this?

**Rafidah Aziz:** In terms of the onslaught of other cultures, we have onslaught of the good and the bad, that comes together with TV, the Internet. It's not always bad, what comes through. It's up to us in Malaysia, to select that which would enrich culture, that which would erode our culture. We have to make that decision. Of course, some countries may want to say, "Okay, we make the decision for you," or some governments, and we stop this coming in, we stop that coming in. For Malaysia, we feel that people should be mature enough to take the good and learn from the bad, neglect the bad, and take only the good elements. It would help to enrich our culture.

Having said that, unfortunately, that democratic right to access to these external elements, sometimes is abused, they learn the wrong things. Our young people sometimes get influenced negatively. It is very sad, so we have an educative process all the time, telling them what's good and bad. It's not that easy. Young people don't always listen.

Considering the cultural aspect of all of Asia, maybe we are all trying in that part of the world to evolve, as soon as we can, a more coherent Asia. The Asia of the past has not been very coherent. There were parts of a puzzle that never seemed to fit together. Long ago, we were a coherent Asia, but not a developed Asia. But we developed at our own pace, and were colonized differently; but now that all of us in Asia are politically independent, and there is no more colonialism, maybe we can say we are working toward a more coherent Asia, in terms of culture, in terms of values and understanding, but a different Asia, an Asia that has technology, an Asia that can live with those outside of Asia, but still one Asia. With North and South Korea coming together, that is what we're looking at, consciously or unconsciously.

**EIR:** It is an important model against Samuel Huntington's thesis that there is a "clash of civilizations," which aims at creating tensions. Malaysia's fight for economic development is an important counterpole to that idea. All humanity is here together. We can use the crisis as an opportunity to bring about changes, in the economic and social structures.

**Rafidah Aziz:** I think in every country, there must be a deep realization among the people of the country, that they want economic development, and they must realize that economic development doesn't come through revolution, through shouting around in the streets, or through wishful thinking. Everyone must realize—we in Malaysia realize—that you must have the kind of environment that makes for such eco-

omic development, whose benefits can be felt by all levels of society. And that environment can come about, from social and political stability.

That is crucial: Unless you're able to have governments that can stay for a long time, to plan and to implement policies over the longer-term perspective, nothing much will happen, no matter how beautiful the policies are encapsulated into bound documents, unless you have a government with that kind of ability to do it. To my mind, only a government that can stay long enough, for a long time, a government that has an uninterrupted tenure in office, can see all policies implemented, fine-tune them on a five-year basis or annual basis, even ten-year basis. But, unless that happens, you don't expect any real development to happen. And people will always be unhappy. Their expectations will be much higher than what they get.

So, people must work toward having stable governments, and not allow any busybodies from outside to try to destabilize things in their own countries. The Malaysian people are committed. We will continue not to allow anybody from outside to destabilize, because we have something good going for us, we're not about to allow it to change. It's up to the people. It's the people who make up the government. Outsiders can just make observations, outsiders can interfere, but we still have to make decisions, we, the people of the country.

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# Russian Economist Sees Imminent Collapse of World Financial Pyramid

by Rachel Douglas

The Russian weekly *Ekonomicheskaya Gazeta*, which is read in academic, Parliamentary, and other political circles, has published an interview with Prof. G.G. Pirogov, on the demise of the speculation-based world financial system. As an integral part of his discussion of ways for Russia to survive that crash, Professor Pirogov brought Lyndon LaRouche's insights and proposals once again to the pages of *Ekonomicheskaya Gazeta*, which had regularly published them through the writings of the late Prof. Taras Muranivsky.

Professor Pirogov is well known as an economist at the Russian Academy of Sciences Institute of Comparative Political Science, and an organizer of seminars there for economists and physical scientists. At one such seminar, hosted by Professor Pirogov in February 1999, Schiller Institute President Muranivsky presented his paper, "The Third Phase of the World Systemic Crisis," which was published in *Ekonomicheskaya Gazeta* that month.

Professor Pirogov's lengthy interview in *Ekonomicheskaya Gazeta* No. 37 (Sept. 14) began with a detailed exposition of how today's planetary bubble was inflated. Its growth, he wrote, has been accompanied by "sharply increased stratification of society during the past two decades. . . . The rich are becoming richer, while 'new poor' come on the scene. A 'two-thirds' society emerged somewhere in the 1970s. . . . Two-thirds prosper, and one-third is outcast. They are the chronically unemployed, homeless people, and foreign guest workers, who are exploited. In Germany, for instance, there are 7 million Turks. . . . In America, real wages have been declining for 20 years, while GDP doubled. Although at first American households compensated for this by the wives going to work, today household income, including the wives' earnings, is declining."

"Does that mean someone is sucking off the money?" asked writer Yu. Chirkov, who conducted the interview. "Yes," said Professor Pirogov, "the upper 20%, the upper 10%, the upper 5%, or 1%—the higher you go, the more. In the U.S.A., 64% of the growth of incomes during the past 20 years has gone to the upper 10%. The speculative sector has grown tremendously. That's where the money goes. Modern technology has created new conditions for speculation. Global capital flies all around the world, mostly short-term capital. . . . There is a continuous process of giant corporations merging. In the 1960s and 1970s there was some revival of small business, but now everything has changed, everything is being swallowed up—and this is directly connected with

speculative operations. Furthermore, these deals are not even paid for with real dollars. There are special 'leverage operations.' "

Professor Pirogov compared this process to the notorious MMM financial pyramid scheme of Sergei Mavrodi, in early-1990s Russia.

"Money is borrowed against some securities, the controlling share of some corporation is acquired, and then they start to asset-strip it to cover the debts. Or, they issue so-called 'junk bonds,' circulate them, and then, when the deal is done they 'drop' the price and the same giant corporations buy the bonds back for nothing. The entire process is wheeling and dealing through speculation. From these speculative operations arises 'quasi-money,' or derivatives—contracts that are in no way linked to the real circulation of goods, which are used as means of payment and yield huge incomes. The world financial pyramid is now dozens or hundreds of times greater than the volume of real money.

"The American economist and politician Lyndon LaRouche introduced the principle of 'physical economy,' where the real production of the economy is measured per capita of the population, per household, and per square kilometer of territory, but this is the physical net product—what is actually useful. It is indicative, that LaRouche's data show, for example, that the real sector is constantly shrinking in the U.S.A. and Europe. This is due both to the outflow of financial resources into the speculative sector, and to the shift of some production and capital into the developing countries. . . .

"Sometimes [the capital] exists only on paper or computer disks. What's more, there is an enormous recreation and entertainment sector, as well as the communications and information sectors, where it is generally hard to determine where you have a product, and where you have something harmful. It's rather like narcotics, because you now have TV systems, where somebody can get 500 channels at once. Does this really ensure good TV broadcasting? In effect, what's being produced is garbage. Yet, through these revenues and the revenues from speculative operations, the national income is inflated."

## The Shift in Asia

Outlining what has happened with the "international trade triangle" among the United States, Japan, and the less-developed countries in Asia, Pirogov reported to Russian readers, that the previous relationships are breaking down. He laid out

the most important developments of Summer 2000 around the Asian Monetary Fund (AMF), which have otherwise barely been mentioned in the central Moscow press.

“Japan, South Korea, and the ASEAN [Association of Southeast Asian Nations] countries appear to have begun to implement serious attempts to tear free from the grip of the world financial pyramids. In particular, it is being proposed to establish an Asian Credit Agreement, with capital of \$30-50 billion, leading to the subsequent creation of an Asian Monetary Fund and a new Asian currency. These countries have combined currency reserves of over \$800 billion. Implementation of these measures will be a serious blow to the American currency monopoly. On Aug. 11, the Japanese [Central] Bank announced its imminent abandonment of the ‘zero interest rate’ policy. This raises a question mark over the financing of the U.S. trade deficit.”

Discussing the situation in the world monetary system, Professor Pirogov noted that “in effect, there is what LaRouche calls a ‘dollar-oil standard.’ . . . The dollar is very sensitive to oil, since oil transactions are denominated in dollars. . . . The current conjunction on the oil markets cannot be maintained for long. Therefore our prosperity, as both [President Vladimir] Putin and [Prime Minister Mikhail] Kasyanov acknowledge, is temporary. Anticipating the collapse of the financial pyramids, the transnational corporations, the world financial oligarchy, which long ago broke out of the bounds of individual countries and is concentrated, according to LaRouche, chiefly in the London financial market and the large banks on the U.S. East Coast, is investing its earnings from financial speculation, into the world’s natural wealth, trying to control them.”

This process applies to “all types of life-supporting strategic resources,” explained Professor Pirogov, “beginning with oil and natural gas. Next, the question is being raised of gaining the right to privately own water resources.”

Professor Pirogov traced “globalization” back to the practices of the British East India Company. In today’s version, “the dominant ideology is hedonism.”

### The ‘Survivors’ Club’

Urging economists to abandon short-term prognostication of “minor zig-zags,” Professor Pirogov continued, “As far as what is in Russia’s interests, we ought to construct defenses, which could quarantine us from the general collapse, if necessary. LaRouche calls this ‘creating a Survivors’ Club,’ and believes that India could join it, China, and possibly Japan.”

He also recalled that “LaRouche thinks that now is the time to use powerful productive forces to improve the whole world, building infrastructure for the whole planet: to revive the ‘Great Silk Road,’ build transport arteries, and new, high-technology industry along them. A great number of people should be brought into this. But, that requires a social base and powerful political will, capable of improving the world. That is what is lacking. Instead, we see the striving for easy

profit and establishment of hegemony for a small circle of ‘chosen’ families in the countries of the ‘golden billion.’ ”

Pirogov concluded with the forecast of a financial crash: “Fictitious capital is continuing to grow rapidly, more and more divorced from real production. In the past ten years, the S&P 500 index has increased by 400%, while GDP was rather lower. The Nasdaq index of U.S. high-technology companies grew 1180% in three years. . . . Today, the fictitious capital of U.S. corporations is 250% of U.S. GDP. This ratio is double what it was in 1929, on the eve of the Great Depression. Furthermore, 49% of U.S. households have invested their savings into stock shares, in other words, into fictitious capital. . . . Moreover, these households are carrying consumer debt of \$1.428 trillion, with a much higher debt/income ratio than in 1929. . . . All of this creates the preconditions for a new financial crisis, deeper and more all-encompassing than the Asian Crisis of 1997-98. U.S. Federal Reserve Chairman Alan Greenspan spoke about this recently.

“Our economists are also discussing the possibility of a global financial crisis, as we saw in the *Delovoy Vtornik* (*Business Tuesday*) roundtable with N. Petrakov, M. Khazin, O. Grigoryev, and M. Delyagin, and in the *Ekspert* article by M. Khazin and O. Grigoryev. I think that the world financial pyramid will crash in the not so distant future.” The *Ekspert* article was reported on in “Russian Economists Forecast: World Economic Crisis To Explode in Autumn,” *EIR*, Aug. 25, 2000.

## GENOCIDE RUSSIA AND THE NEW WORLD ORDER

**Russia in the 1990s:** “The rate of annual population loss has been more than double the rate of loss during the period of Stalinist repression and mass famine in the first half of the 1930s . . . There has been nothing like this in the thousand-year history of Russia.”

—Sergei Glazyev



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**Economist Dr. Sergei Glazyev** was Minister of Foreign Economic Relations in Boris Yeltsin’s first cabinet, and was the only member of the government to resign in protest of the abolition of Parliament in 1993.

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# Business Briefs

## Labor

### Increasing Overtime Is Endangering Workers

With the “New Economy” erasing almost every gain that organized labor has won in the past 100 years, states throughout the United States are debating legislation to stem the rising use of mandatory overtime, which is increasingly responsible for death and injury in the workforce. Overtime was an issue in the Verizon strike, and is becoming an issue in the minimum wage debate.

In May, Maine passed a bill capping overtime at 80 hours in any two-week period (i.e., you can’t be forced to work more than 80 hours a week). Firefighters in Connecticut recently unsuccessfully challenged the constitutionality of mandatory overtime, on the grounds that it violated the Thirteenth Amendment ban on slavery.

However, many workers want the overtime, because wage levels, particularly in the service sector, are insufficient to support a family.

In the Congressional debate over raising the minimum wage by \$1 an hour (currently \$5.15), House Speaker Dennis Hastert (R-Ill.) has introduced an amendment seeking to help employers who want to avoid overtime pay costs, by disqualifying technology workers, sales personnel, and others from the protection of the Fair Labor Standards Act, including minimum wage and overtime pay provisions. In fact, the people working the longest hours are just these “New Economy” workers—white-collar workers on salary.

## Health

### World Flu Epidemic May Be on Its Way

Public health officials are preparing for the possibility of an outbreak of a new strain of influenza, which could develop into “a global pandemic,” the Sept. 18 *Philadelphia Inquirer* reported. The week before, experts, including state epidemiologists, met at the

Centers for Disease Control and Prevention (CDC) in Atlanta, Georgia, to discuss the problem.

“The appearance of a pandemic is sort of like an earthquake,” said W. Paul Green, from the Influenza Research Center of Baylor University, Texas. “You know the conditions are right for it to happen. You just don’t know when it’s going to happen.”

The *Inquirer* recalls the last three big epidemics, in 1918, 1957, and 1968, in which 620,000, 70,000, and 34,000 Americans died, respectively. The worst one, in 1918, killed 20 million people worldwide. Now, the scenario discussed at the CDC meeting, “is an altogether new strain that human immune systems are unequipped to counter. This happens when a virus from another species, typically a bird, passes to a human, or combines with an existing human flu, in a way that allows the new hybrid disease to spread.”

“Virologists are especially concerned because a dozen flu strains now exist in birds but not in humans,” the daily said. There are no vaccines for these flu strains, and it would take six to eight months to develop vaccines. Robert Webster, chairman of virology and molecular biology at St. Jude Hospital in Memphis, Tennessee, said that two of these strains have come perilously close to “making a pandemic-scale jump in recent years.”

There was a close call in 1997, Webster said, when new strains of flu were found in Hong Kong chickens. Due to Hong Kong’s “exceptional health surveillance system,” this was identified and the chickens slaughtered. Two days later a human flu hit Hong Kong; had the two strains combined, it could have generated a pandemic, he said.

## Demographics

### World Population Growth Rate Sinking Toward Zero

Although the United Nations Fund for Population Activities (UNFPA) booklet, released on Sept. 21, lies outright about it, the report itself makes clear that the growth rate of the human species has dropped to, at most, 1.1% per year, down from 1.29% per year in 1998.

The rate of annual increase was 1.7% in 1992, 1.9% in 1988, and 2.4% in 1975. In demographic terms, this is an extraordinarily rapid, and increasing pace of decline. If the global physical economic collapse continues with no solution, the human growth rate will clearly fall below zero in the immediate years ahead.

The UNFPA report is issued every two years, and for the first time this year, contains nothing about rapid population growth or its effects; rather, it chooses the subtitle “Men and Women in a Time of Change,” and is essentially a Malthusian global social-work manual. Only in the concluding population-data pages, does the UNFPA print the claim that the current world population growth rate is 1.3% per year. However, a comparison of the population totals with those printed in the same report for 1998, shows a total growth, over 1998-2000, of 2.25%.

This continues a long and dishonorable practice by UNFPA (which sponsored the 1994 neo-Malthusian “Cairo Conference”) of misrepresenting the population data gathered by the UN’s demographic agency, the UN Population Division. And those data themselves have only an indicative accuracy in a period in which some nation-states are collapsing and population figures are being guessed at and massaged. The UN data for September 2000 estimate a current world population of 6.055 billion, and imply a current annual growth of just over 60 million souls. This is the equivalent merely of one England added to the world each year—“this little isle,” and hardly overpopulated with souls.

## Economic Policy

### Malaysian Press Hits ‘New Colonialism’

The former group editor of Malaysia’s leading press conglomerate, NSTPI, A. Kadir Jasin, blasted the new colonialism, in his Sept. 10 column in the *New Straits Times*.

Jasin wrote: “In the post-Cold War period, more people were impoverished and economies ruined in the name of democracy and free market. Fragile democracies col-

**MALAYSIA** will surpass Singapore as the leading transshipment port in Southeast Asia, as Maersk Sealand of Denmark, the world's largest container line, shifts its hub from Singapore to Malaysia's port of Tanjung Pelepas in Johor. The port will obtain over 10% of Singapore's container traffic.

**A GAZA PORT** agreement between Israel and the Palestinian National Authority has been signed, allowing construction to start, the Israeli daily *Ha'aretz* reported on Sept. 22. The port was blocked by the Israeli Defense Ministry until Prime Minister Ehud Barak allowed it to go forward, and it was then stalled over security and environmental issues.

**A RAIL LINE** linking Kazakhstan with Turkey via Uzbekistan and Iran (Almaty-Tashkent-Tehran-Istanbul) will open on Jan. 1, 2001, Ablay Myrzakhmetov, the head of Kazakhstan Railways, said on Sept. 22.

**KAZAKSTAN** Prime Minister Kasymzhomart Tokayev called the water problem in southern Kazakhstan an "unbearable phenomenon," at a Cabinet meeting on Sept. 19. One proposal is to build the Koksaray reservoir on the right bank of Syrdarya River, which would cost \$160 million.

**THAI RESEARCHERS** have developed a rice strain with 12 times more protein. Most rice contains 1% protein. The new strain was developed from a Chinese rice, from which a mutant strain proved to have 12% protein, but it was not appetizing. The Thais cross-pollinated this strain with their Thai fragrant rice, with the result being tasty and high-yielding.

**PAKISTAN'S** Chief Executive, Gen. Pervez Musharraf, said that the government plans to build a network of roads linking Chitral, Hunza, Skardu, Chilas and other parts of its Northern Areas, to boost trade with China and the Central Asian states. He was speaking on Sept. 18 to an International Silk Route festival in Gilgit.

lapsed as quickly as they were established, resulting in anarchy and chaos. In some former Soviet bloc countries, the new mafias and gangsters took over the economy while the poor became poorer. Elsewhere, people took to the streets daily to demand the blood of their former leaders, while the democratically elected leaders fumbled. For promoting violence, they were called 'brave people' by the likes of U.S. Presidential candidate Al Gore. And he looks set to become the next U.S. President. . . . The success stories of nations like Malaysia are largely ignored because the way these nations manage their politics and economy do not coincide with the predatory instinct of the developed West where the winners take all. Even as we speak, the Philippines is being forced to spend its meager foreign reserves to defend the tumbling peso."

## New Zealand

### Financial Times Finally Admits, EIR Was Right

The London *Financial Times* ran a story ridiculing the "New Zealand model" as a colossal failure, on Sept. 4. In "Al Gore's New Zealand Model: 'Reinventing' Corruption, Genocide," in *EIR*'s Jan. 15, 1999 issue, the Mont Pelerin Society's policies in New Zealand were exposed as boosting poverty, unemployment, and teen suicide rates, while the oligarchy-controlled media were promoting this model worldwide.

"If ever a country has been run by economists, it is New Zealand," says *Financial Times* writer John Kay. "According to current orthodoxy, New Zealand has done everything right. . . . What was one of the world's most comprehensive welfare states has been dismantled."

The result? "The standard of living has fallen from 1.25 times the average in high-income countries in 1965 to 0.62 last year." Nonetheless, he continues, "the program is still widely admired outside New Zealand," referencing a 1999 CIA study boldly lying that the reforms boosted growth and improved income levels, then publishing statistics which exposed their own lies. Through-

out the globe, the International Monetary Fund and World Bank push the "New Zealand model."

"You might equally congratulate a man jumping off a cliff for his firmness of purpose," writes Kay.

## Economic Crisis

### Hyperinflation Has Moved into Commodities

In an article dedicated to explain the story behind "core inflation," Italian journalist Maurizio Blondet uses material published in *EIR* to warn that the rising oil prices are indicative of real inflation, as opposed to the official, doctored figures. The article appeared in the Italian daily *Avvenire* on Sept. 9.

"Core inflation is the barometer that indicates only nice weather," Blondet said. "Core inflation (that is, excluding oil and food) is stable. . . . Thus, the Federal Reserve can repeat that 'core inflation is under control,' and avoid raising interest rates. Should it raise rates, the stock market would collapse. End of the American miracle, stocks in limitless, triumphant rise, the inflow of foreign capital to make profits in the Grand Casino. The Federal Reserve has fed this miraculous financial growth, injecting enormous liquidity into the system, that is, billions of dollars to speculators, so that they could go on betting even when they were bankrupt (as in the case of LTCM [Long Term Capital Management hedge fund])."

"The result: asset price inflation. Inflation is confined to the stock market, as long as the game goes on. The U.S. stock market today 'is worth' (on paper) \$17 trillion, three times the European GNP. An astronomical, unreal figure. If asset prices fall, it is probable that such a surplus liquidity would run to buy raw materials, igniting hyperinflation. Maybe it is already on. Oil price rises of 400% in a few months are already inflationary (pardon, you cannot say that)."

However, the Federal Reserve likes the oil price increase, because "it supports the value of a currency [the dollar] which, logically, should fall, because the U.S.A. is the most indebted country abroad."

## Jesus Christ and Civilization

by Lyndon H. LaRouche, Jr.

September 22, 2000

I think my earlier reports have prepared you to be confronted now with what will be, for many, the most important, and also most shocking fact which most people, including most among my usual readers, have yet to face.

As I have repeatedly warned of late, events have already reached the point which I had warned would have arrived, *unless* certain prescribed changes were instituted. Despite my repeated warnings, of the need to reverse the policies which have created this risk, the refusal of governments and others to heed my warnings has now already brought the U.S.A. into the final phase of an already onrushing, global financial collapse. Worse, that onrushing, global financial collapse, threatens now to plunge global civilization into a *threatened* new dark age for all humanity.

In earlier reports, I had emphasized those more obvious, immediate issues which must be addressed, if even a temporary recovery of civilization is to occur. Now, presume, for a moment, although my proposals for a New Bretton Woods system become increasingly drastic as the financial crisis worsens, if those strenuous measures were to be adopted and implemented, even at this late date, and, that, therefore, most of the world would soon be on the way to recovery, as it had recovered from the combined effects of the Great Depression and the ensuing great war, under President Franklin Roosevelt's leadership.

That presumed, now look at the deeper, essential, longer-range aspects of the problem. Consider the fact, that history, as we presently know it, has been dominated by cycles of collapse and, sometimes, at best, recovery. Therefore, how might we be assured, now, that even if we were to rescue humanity from the effects of the presently onrushing global financial and monetary collapse, by the measures which I have proposed, that our thus-revived civilization will not begin to slide back, a generation or two later, into a new round of collapse, a collapse perhaps even worse than that which menaces us at the present moment, a collapse to be





*“Jesus and the Disciples on the Road to Emmaus (detail),” by Peter Bruegel the Elder, 1571. Writes LaRouche: “Without the revolutionary change in religious belief, created by Christ, and spread by the Christian Apostles and the martyrs, the creation of the modern sovereign form of nation-state would not have been possible.”*

suffered by your children or grandchildren?

The two issues so identified and distinguished, are linked to a third, overriding consideration. Is it possible, that even the mastering of the immediate financial crisis, requires that we must also act now to overcome the more distant threat of a new dark age? In other words, although I have shown how the world could recover from the presently onrushing global financial collapse, perhaps the world will not adopt that option I have given it. Is there, then, some deeper, longer-range sickness within the world’s presently leading institutions, which, as seems probable at this moment, would prevent the world from accepting such a workable, near-term recovery program?

Therefore, I present here the case for thus linking the two questions, the immediate crisis, and the times beyond. I present the two as if they were one, indivisible subject-matter. Once I shall have said that much, I shall leave it to your conscience, to estimate, whether or not even the bare, presently continued existence of our civilization, depends upon our solving that worrying, longer-term challenge. This would mean, that, at the least, we would adopt an efficiently conscious commitment to solving it, to a significant degree, over the course of a generation or more immediately ahead.

On that account, I situate today’s subject, by first restating, summarily, the general thesis I have just presented. I restate the problem I have just outlined, as follows.

To put the point bluntly: “What are the chances that most of humanity might escape the presently onrushing new dark

age, even if the United States were to choose as its next President, a figure so thoroughly, morally and intellectually defective as either Vice-President Al Gore or Governor George W. Bush?”

Do not misinterpret that question. I am not presuming any fearful potency, for either good or evil, in either of those two candidates as persons. They are essentially no more than puppets of a Wall Street “establishment,” which has selected such intellectually and morally crippled individuals to serve as the only leading candidates available, a perverse selection of such dummies chosen in accord with that establishment’s own peculiar intentions. The difficulty in finding any point of actually principled difference between the elements of such a Tweedledee and Tweedledum pairing, is, in itself, the most significant feature of each of the candidacies. It is their common qualities, or, better said, the lack thereof, which reflects Wall Street’s cupidity in selecting them as puppets for the occasion.

However, precisely for that reason, that each is virtually a less-than-nothing candidate, the offering informs us what kind of government that establishment intends to install this coming January 2001. This, in turn, tells us, implicitly, what kinds of policies and the like, either of the dummies were intended to follow as incumbents. Thus, the importance of both candidates, is that, especially under present conditions of accelerating world crisis, neither of those two brutish bunglers is capable of being a President in any meaningful sense consistent with the intent of our Constitution, even in the most

unlikely case he were inspired, most miraculously, to attempt such a course of action.

The obviously implied intention of the financier oligarchy which has selected such candidates, is that in the circumstances of the presently onrushing global financial crisis, the United States, as defined by its Constitution, would follow the path dictated by the same Wall Street financier oligarchy which backed Adolf Hitler for Germany in 1933-1934, rather than the tradition of Presidents such as Franklin Roosevelt. Reading the history of 1932-1945 Germany, the question thus follows: which is the dumber dummy, either of the candidates, or any among those citizens who would vote for either of such candidates?

Were either such choice made, it were likely, even if not absolutely inevitable, that the United States would not survive the coming years in a recognizable form. Now is a time to remember, that the relevant institutions of Germany chose irrational and fanatical qualities of leadership philosophically akin to today's Gore and Bush, at the close of January 1933; see what happened as a result of that choice.<sup>1</sup> A similar, probably quicker disaster than that which struck 1933-34 Germany, could strike us now, unless many American citizens suddenly, drastically change their current ways. Could most of the rest of the world survive under the conditions implicit in a Gore or Bush Presidency? Many leading circles, from around the world, are discussing such contingencies today.

In other words, just as Germany's power was revived, temporarily, under the Hitler regime, the effect of that temporary economic recovery, under fascist conditions, led Germany into a far worse crisis, that less than a generation after the London and New York bankers had first put Hitler into power.

Thus, as I have said, I leave it to your conscience to estimate, whether or not that planetary civilization's survival is barely possible under present political trends in the U.S.A., even if such a solution has not appeared to be likely since Gore's Presidential nomination was locked in, a few months ago, by Wall Street's virtual mass-media decree. To assess the possibilities, consider, summarily, the highlights of the existence of European civilization over the approximately 2,500 years of its existence to date. Some key facts of that history stand out as relevant for the thinking citizen of the U.S. or other nations today; those historical facts are key, for unlocking the answer to the questions I have just restated.

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1. The attempt to explain the case of either Benito Mussolini or Adolf Hitler as evil master-minds, is not permitted by the relevant evidence. Think of them as in the tradition of Roman Emperors such as Caligula, Nero, and Caracalla, whose awful atrocities reflect not their strength of intellect, but rather the lack thereof. In revealing moments of crisis, both showed themselves for the wimps they really were. The threat they represented, partook more of the nature of a virus than an intellect. What makes a Governor Bush or a Vice-President Gore so serious a threat to the nation, is not the stuff within them, but rather what is fairly described as a certain lack of stuffing in either.

Once again, in addressing this matter, as I do in the following pages here, the answers may be found only by defining both the questions, and the clues to their solutions, in an appropriate way. That key to all such knowledge, lies in the appropriate definition of the universal quality of human nature, as distinct from that of all other forms of life.

As such questions imply, this report is addressed not only to the people of the United States, but also to those of the Americas as a whole, of Europe generally, and as an integral, and eminently most practical, and urgent feature of that proposed, broader, global dialogue among cultures of which the honorable President of Iran has spoken publicly on several recent occasions.

In the end, the reader will acknowledge, that the pivotal point, which I develop at an appropriate location in the following pages, is, according to some choices of academic language, "strong stuff," and perhaps beyond the easy comprehension of most living today. Nonetheless, I shall demonstrate two things here, urgent points for immediate policy-shaping practice among those qualified to be leaders in this time of crisis, supremely practical points which could be presented in no other way.

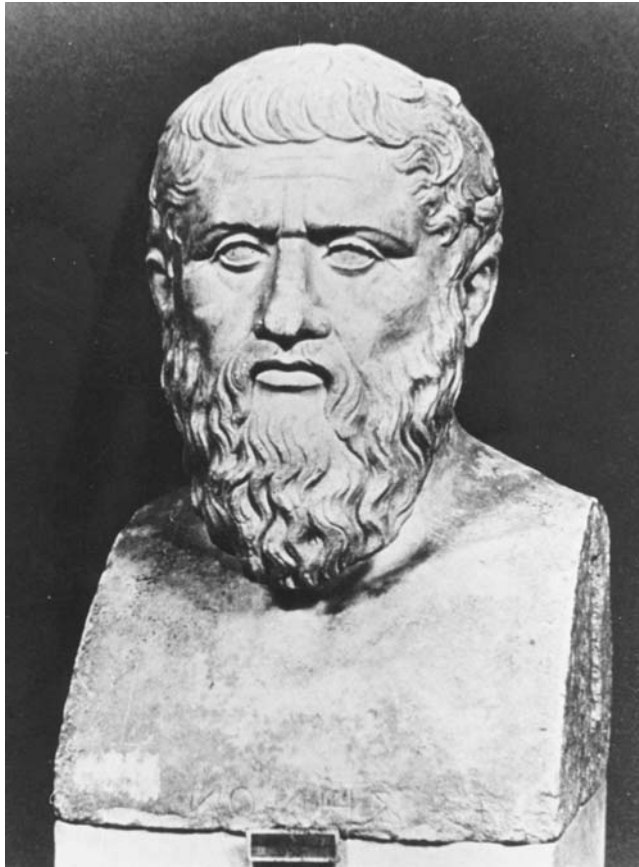
I proceed, therefore, step by step, to build up the case which must inform your practice now.

## History According to Plato

Modern archeology substantiates Plato's summary account of the earlier existence of mankind, prior to the rise of Classical Greece.<sup>2</sup> Once we have applied to archeology, that principle which sets mankind apart from, and superior to all other living species, we can positively date and classify relevant ancient sites as human. The answer to the relevant question is: *they can be recognized as human, on the condition that they are associated with artefacts which could be derived only from the effects of what we call today, the technologies generated by discoveries of universal physical principles.* On that account, we can positively date human existence within the territory of Europe, to no later than several hundreds of

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2. Plato, *Timaeus*. Critias relates to Socrates and friends, a story told him by his grandfather, who said that "the achievements of the city in the old days, now forgotten because of the passage of time and the destruction of human life, were great and marvelous." The grandfather described an encounter between Solon, the ruler of Athens, and a very old priest. The priest tells Solon that the Greeks are but children, and do not possess "one old belief rooted in ancient tradition, nor any learning made hoary by age." "You recall only one deluge on earth, even though there were many," he tells the astonished Solon. "Moreover, you are ignorant of the fact that the best and finest breed of men once lived in your land and that you and your whole city derive from a small remnant of their seed. This you have forgotten because for many generations the survivors died leaving no written record." The priest goes on to explain that "the present civilized order in our part of the world," according to sacred texts, was established 8,000 years ago. But even 9,000 years ago, there existed a culture with many fine achievements, including trans-Atlantic navigation, which the priest describes. (*Timaeus*, translated by a team of LaRouche associates in *The Campaigner*, February 1980.)



*The most essential and original feature of Classical Greek culture, "is to be found in the record of the transformation of the conception of the nature of man, as traced from the Homeric epics through the writings and acts of Plato."*

thousands of years ago, and might suspect the discovery of evidence from a much earlier time, in parts of Africa which were presumably left free of the impact of those long periods of glaciation occupying much of the northern hemisphere.

This poses the question implicitly addressed by Plato: "To where, and why did so many of those cultures of earlier hundreds of thousands of years disappear, often almost without trace?"

To review those bare essentials of the matter which are most relevant to the subject at hand, the following.

Plato, referencing Egyptian sources, gave us two answers to that question. The first cause of the vanishing of entire cultures, has been the kinds of natural catastrophes which mankind has not yet become able to control. The second, is the collapse of entire populations, such as ancient Mesopotamian culture, as caused by a self-destructive feature embedded in that culture itself.<sup>3</sup> On the latter account, most of the ancient

3. During, and immediately following, my April 1975 visit to Iraq, reflecting on my 1950s studies of the archeology of that region, I commented on how far the region had fallen since the time of the celebrated Caliph Haroun al

cultures we have been able to identify, were those which plunged themselves into a prolonged dark age, a dark age brought about by a dominant, characteristic, internal feature of that culture itself. There have been, after all, morally inferior cultures, many of which brought about their own destruction for precisely that reason.

In Plato's second of those class of disasters, that of culturally induced catastrophes, we have the repeated rise and fall of cultures in East and South Asia; we have Alexander's felling of that Persian Empire rotten-ripe for its own destruction; and, we have the accelerating cultural and moral degeneration, and collapse of the Roman Empire from its own internal, systemic moral and intellectual rot, first in the west, and later in Byzantium. The question today, as posed by the patterns of change which have become characteristic of the last hundred years, since the ominous, 1901 assassination of U.S. President William McKinley, is, whether or not the existing form of globally extended European civilization is careening into a general collapse of the type which Plato located within this second class?

From all that we presently know, humanity has stumbled along on this planet in such a fashion, for hundreds of thousands, perhaps even millions of years. This pattern prevailed throughout known history and pre-history combined, until a qualitative, revolutionary change for the better, a change which erupted at the beginning of mid-Fifteenth-Century Europe, during what has become known as the Golden Renaissance. (Figure 1.) Not only did that Fifteenth-Century Renaissance unleash an improvement in the conditions of human life, within its own region, which was qualitatively beyond anything shown by evidence of earlier times; the spread of the ideas associated with that Renaissance, assigned to all humanity equal right to access to those means to effect comparable advances in the conditions of life for the world as a whole.<sup>4</sup>

This Golden Renaissance did not spring as if from the brow of the ancient Egyptian goddess whom the Greeks called Athena. It was the outgrowth of about 2,000 years of the history of European civilization, since Solon's revolution in Athens, and of, in turn, at least several thousands of earlier years, as typified by accumulated knowledge associated with more than 2,000 years of what were probably preceding years

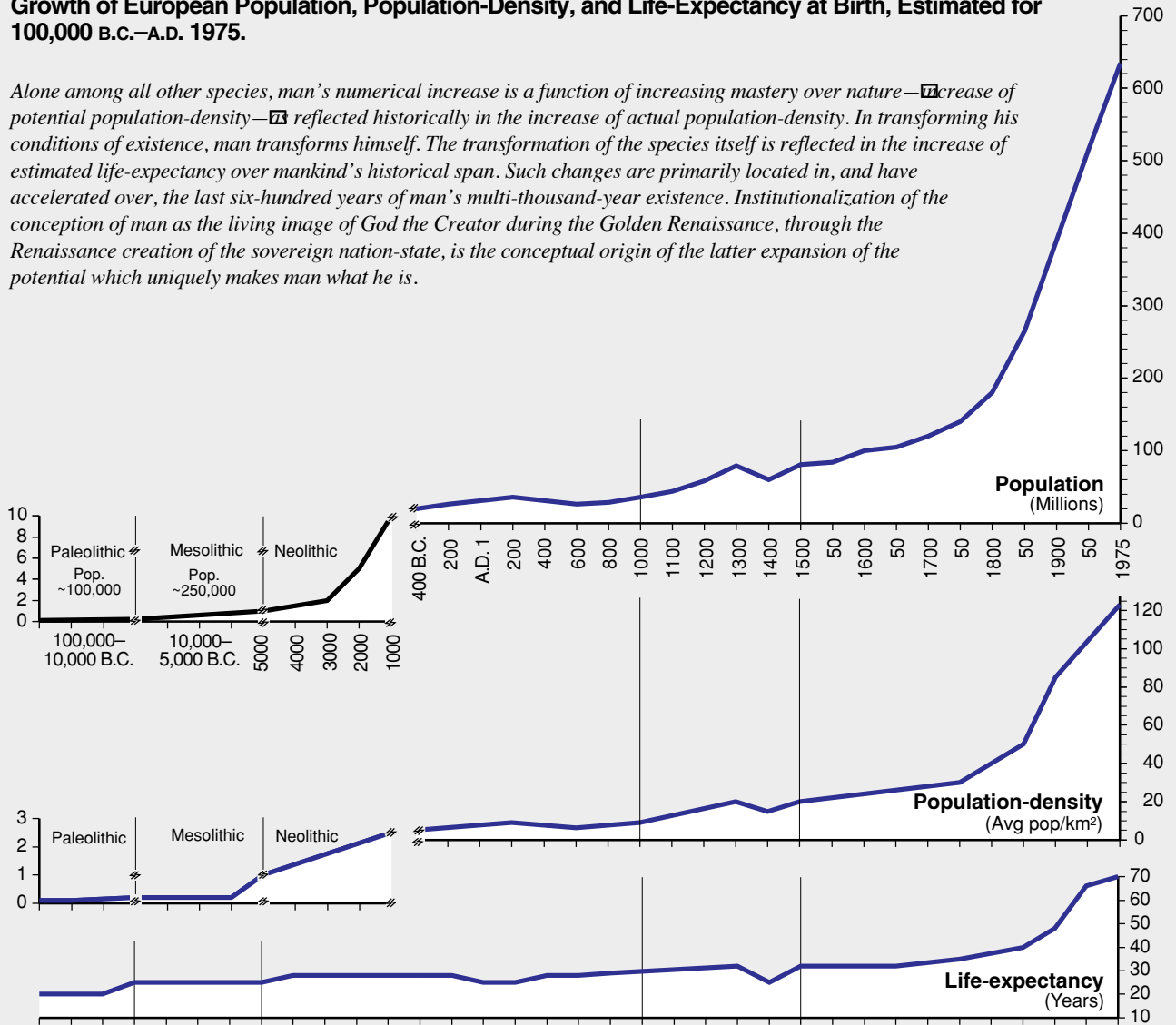
Rashid. Such are the saddening evidences of the rise and fall of civilizations past.

4. It was Nicholas of Cusa and his associates, who responded to the fall of Constantinople by organizing ecumenical voyages into the waters to the west and east of the Ottoman Empire. Since then, liars have perpetrated frauds in the effort to deny and conceal the documented evidence showing the means by which Christopher Columbus received the maps, and Cusa associate Toscanelli's other technical assistance in navigation, and the support which led him to rediscovery of the Americas. The English colonization of North America, best typified in the onset by the founding of the Massachusetts Bay Colony, was a product of the same, continued policy which had been launched earlier by Cusa and his circles.

FIGURE 1

**Growth of European Population, Population-Density, and Life-Expectancy at Birth, Estimated for 100,000 B.C.–A.D. 1975.**

Alone among all other species, man's numerical increase is a function of increasing mastery over nature— $\square$  increase of potential population-density— $\square$  reflected historically in the increase of actual population-density. In transforming his conditions of existence, man transforms himself. The transformation of the species itself is reflected in the increase of estimated life-expectancy over mankind's historical span. Such changes are primarily located in, and have accelerated over, the last six-hundred years of man's multi-thousand-year existence. Institutionalization of the conception of man as the living image of God the Creator during the Golden Renaissance, through the Renaissance creation of the sovereign nation-state, is the conceptual origin of the latter expansion of the potential which uniquely makes man what he is.



All charts are based on standard estimates compiled by existing schools of demography. None claim any more precision than the indicative; however, the scaling flattens out what might otherwise be locally, or even temporally, significant variation, reducing all thereby to the set of changes which is significant, independent of the quality of estimates and scaling of the graphs. Sources: For population and population-density, Colin McEvedy and Richard Jones, *Atlas of World Population History*; for life-expectancy, various studies in historical demography.

Note breaks and changes in scales.

of ebbs and flows of progress in ancient Egypt, that from a time even much earlier than the building of the great pyramids.

That review supplied, we turn to the core of the case presented in this report.

Taken as a whole, *the recent 2,500 years of rise of that adopted child of Egypt, that the birth and development of the now globally extended European civilization, is to be understood in terms of the three greatest bench-marks of its entire*

*history: the consolidation of the development of Classical Greek culture around the leading figure of Plato, the ministry and crucifixion of Jesus Christ, and the Golden Renaissance.* Without those three revolutionary steps forward, Europe and its civilization had neither come into existence, nor would have acquired the dominant significance in the planet which it has attained since the great, mid-Fifteenth-Century, ecumenical Council of Florence.

The essential qualities of change in the history of the

world since that Fifteenth Century, have been dominated, increasingly, by a continuing conflict between the internal development of this Renaissance legacy, and those endemic moral disorders which have become characteristic of today's globally extended form of European civilization. That is to say, that because of the superior power intrinsic to the cultural revolution launched by the Fifteenth-Century Renaissance, the power of European civilization, either for good, or, all too often, for evil, emerged as the most characteristic feature of the combined cultural currents on this planet since. Hence, in that sense, and for that reason, modern history has been essentially, increasingly the history of a globally extended modern form of European civilization.

On account of the points just identified, there are certain things I must say here, not only because they are true, but because, for sundry factitiously misguided motives of other authorities, they were not likely to be published, until now, in this form, from any other living source, even from among those relevant authorities which would concur privately with my argument. In the course of reading the following pages, you should be able to recognize why certain other, relevant sources have been reluctant to address publicly certain crucial features of the report I present here and now.

The internal problems of modern Christianity, are among the sensitive issues which must be addressed here, even in spite of the grounds for reluctance on this subject from authorities other than myself.

Since the civilization presently gripped by a planetary existential crisis, has been, predominantly, a globally extended European civilization which is nominally, at least, Christian, there could be no competent examination of the present crisis which did not address and answer the immediately following question. Thus, that issue of Christianity itself can not be avoided by any strategic thinker who is both honest and competent.

For the reason just given, so, the fact of the present crisis, with its inhering threat of the planet's collapse into a new dark age for all humanity, is to be seen, at least on the surface of things, as reflecting an included failure of organized Christianity in its present form. The recent Vatican report on the Third Letter of Fatima points to that problem, and, as you shall see in due course here, that report answers the question, at least implicitly, and, I believe appropriately, at least in significant degree, and is accurate as far as it goes.<sup>5</sup> However, to avoid a deadly fallacy of composition in the assessment, a more adequate treatment of the present existential crisis of global civilization, must bring numerous other considera-

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5. The statement of the Congregation for the Doctrine of the Faith can be found at [http://www.vatican.va/roman\\_cur./rc\\_con\\_faith\\_doc\\_20000626\\_message-fatima\\_en.htm](http://www.vatican.va/roman_cur./rc_con_faith_doc_20000626_message-fatima_en.htm). See also Lyndon H. LaRouche, Jr., "Call Them the 'Baby Doomers,'" *EIR*, July 21, 2000, p. 36, and Helga Zepp-LaRouche, "Third Prophecy of Fatima: A Summons to Repentance," *EIR*, July 21, 2000.

tions, not taken into account explicitly by the Vatican report, into view, as I do at appropriate locations within the present report.

In addition to those three great bench-marks I have listed above, the most significant positive event in European history since the Golden Renaissance, was the initial 1776-1789 victory of the American Revolution over its principal adversary, the British Empire's monarchy, a monarchy which has assumed a role in the world at large which it has modelled upon that of the financier-oligarchy power of the Venice of Pietro Pomponazzi and Paolo Sarpi, a Venice from whose much polluted canals it was originally spewed.<sup>6</sup>

Since the tyrant William of Orange and the later accession of George I to the newly created British throne, the continuing conflict between the intellectual tradition of the American Revolution and our principal adversary, the British monarchy's empire, has been the characteristic source of all of the principal internal disorders and foreign wars suffered by the United States since. Since 1789, this conflict between the American intellectual tradition and the British monarchy's influence, has become the determining feature of all the principal developments within world history.

It is because of the moral and intellectual superiority of those features of European culture which are represented by all of the actual achievements of the American intellectual tradition, that the United States emerged, with President Lincoln's victory over the British monarchy's Confederacy puppet, as the world's most powerful single nation.

From the beginning of the European colonization of the Americas, the most advanced thinkers in science, art, and philosophy, have been, with very rare exceptions, continental Europeans, and neither British nor Americans. However, because of the effects of the emergence of Anglo-Dutch financier-oligarchical power, at the beginning of the Eighteenth Century, and such key subsequent developments as the London-directed Jacobin Terror of 1789-1794, the fascist tyranny of Napoleon Bonaparte, and the Congress of Vienna, the patriotic forces within continental Europe have remained a minority, in the broader scope of the continent's science and philosophy as a whole, as in politics. For that reason, from the beginning of the European colonization of the Americas, with such rare exceptions as Benjamin Franklin himself, the quality of intellectual leadership upon which the progress of the U.S. has depended, has been supplied from that specific, pro-Greek-Classical minority of great intellects of Europe, such as, most often, those of France, Germany, and Italy.

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6. The mortalist Pomponazzi was a central figure of the launching of the Sixteenth-Century anti-Renaissance; it was those Venice circles which orchestrated Venice's taking control of King Henry VIII. Venice's Paolo Sarpi, the founder of modern empiricism and intellectual controller of Seventeenth-Century figures such as Sir Francis Bacon and Thomas Hobbes, set into motion both the Thirty Years War of 1618-1648 and prepared the way for the consolidation of Venetian influence over the English and British monarchies, beginning the tyranny of William of Orange.

Indeed, I can report, from my advantage as a close observer of relevant persons and facts, that even today, when continental Europe has been reduced by Anglo-American decisions of 1989-1992 to a virtual satrapy of English-speaking oligarchical power, the leading intellectual circles of continental Europe, including those of today's Russia, are, while exceptions even in their own nations, of a general intellectual quality superior to that found generally among even Americans of better moral and intellectual qualities. Ironically, the American political advantage, even among our typical boors, is the quality of strategic decisiveness exuded by, among others, Wall Street's leading oligarchical circles. This North American sense of political potency respecting matters of the world at large, lies in the sense of possession of a relatively superior, globally overreaching political power, whereas Europeans repeatedly crushed by the combination of two World Wars and prolonged Anglo-American occupation, tend to see themselves, as no more than satraps of a reigning Anglo-American oligarchical power. Otherwise, morally, those Americans are, with rare exceptions, morally and intellectually inferior to the best leading circles of continental Europe.

That qualification taken into account, for most of the past nearly hundred-forty years, since President Lincoln's great victory for civilization as a whole, the U.S. has been second in world power to no other single nation, but only, during some prolonged intervals, to the concert of forces led by the British Empire and its associated minions. Thus, in that sense and degree, the struggle within the U.S.A., to free the U.S. from the treasonous influence of the present British monarchy's Eighteenth-Century so-called "Enlightenment" tradition,<sup>7</sup> has been the great struggle for the soul of the U.S.A. This struggle has been, and is, still today, the most crucial strategic factor in the shaping of the history of the world during the past two centuries, since the fall of the first modern fascist tyranny, that of the Romantic figure Napoleon Bonaparte. We Americans are nearly all, after all, predominantly Europeans, including our so-called African-Americans, essentially representatives of globally extended modern European civilization. Whenever some among us attempt to deny that essential fact, lunacy, usually of a dangerous kind, breaks loose among us.

Nonetheless, despite the tendency among even most of the decent Americans, toward moral and intellectual crudities, more than the alternative, the American system itself, is the best political system of today's world as a whole.

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7. "Enlightenment" signifies, broadly speaking, the founding of empiricism by Venice's Paolo Sarpi and Sarpi's lackey, Galileo Galilei. However, the use of the term "Eighteenth-Century Enlightenment," signifies the Europe-wide network created by Sarpi's most influential successor, the Paris-based Venetian spymaster Abbot Antonio Conti. It was Conti's Europe-wide network of anti-Leibniz salons, which created Voltaire, Quesnay, and all principal varieties of the so-called French and English Enlightenment of the Eighteenth Century.

The term "American system" has no historically valid, literate meaning, other than preference for the ideas of Benjamin Franklin, Alexander Hamilton, Mathew Carey, Henry Clay, John Quincy Adams, Friedrich List, Henry C. Carey, and President Abraham Lincoln, that over the opposing British system of Adam Smith, Jeremy Bentham, et al. This American System of political economy, takes its origins on our continent from the founding and initial development of the Massachusetts Bay Colony, that under the leadership of Winthrop and the Mathers.

That development, begun in pre-1688 Massachusetts, was continued under Benjamin Franklin, and through aid of Franklin's supporters from among the followers of Gottfried Leibniz in Europe. Such is the anti-British monarchy, American system set forth in the opening three paragraphs of the Declaration of Independence and the Preamble of the Federal Constitution. It is the American intellectual tradition of such foes of the British monarchy as President Washington, Alexander Hamilton, Thomas Paine, Mathew Carey, Clay, James Monroe, John Quincy Adams, Franklin's great-grandson Alexander Dallas Bache, Henry C. Carey, Frederick Douglass, and Abraham Lincoln. It is the American system whose legacy President Franklin Roosevelt worked to revive, as did the martyred President Kennedy and Rev. Martin Luther King, too. Such is the American intellectual tradition, as identified, if merely typified, and afflicted by the British monarchy's self-professed and adopted agent of influence, Henry A. Kissinger.<sup>8</sup>

That American System of political-economy, as I have brought its conceptual design up to date through my work in developing the science of physical economy, is the leading best expression of globally extended European civilization today. It is the conflict between that American system of political-economy, so best described, and the British monarchy's presently world-dominating rentier-financier imperial system, which defines all of the most essential issues to be considered here. The chief irony is, that an oligarchical, Wall Street-dominated "establishment," the oligarchical pack of rentier-financier hyenas presently exerting overlordship over the U.S. government, a pack represented typically more by the *New York Times* than the increasingly simply silly *Wall Street Journal*, has become an instrument of the British monarchy against the American system, and is today the bestial force chiefly responsible for corrupting the morals and culture of the U.S. population, and betraying our constitutional republic to the predatory dogmas of free trade and globalization.

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8. Henry A. Kissinger, *A World Restored: Metternich, Castlereagh and the Problems of Peace 1812-1822* (Boston: Houghton-Mifflin, 1957), and in his infamous Chatham House address of May 10, 1982: "Reflections on a Partnership: British and American Attitudes to Postwar Foreign Policy, Address in Commemoration of the Bicentenary of the Office of Foreign Secretary."



*The Elgin Marbles, from the Acropolis of Athens. The Classical Greek sculptors “captured their subjects in mid-motion, rather than as dead objects in ‘Euclidean’ space-time.”*

Among educated adults of the world today, contrary views of the recent 2,500 years of world history are, at their least worst, childish fairy-tales designed to degrade academically misinformed public opinion to the same fantasy-ridden irrationality otherwise found in the credulities of the obviously illiterate. I explain all the immediately foregoing points, as follows. I proceed, next, to the matter of those three crucial revolutions which I underscored above.

### **Plato and Christianity**

As the great poet and historian Friedrich Schiller warned his students, and others, in his famous Jena lectures on the principles of history, no one can understand anything truly important about European history, until one first masters the fact, that European civilization came into existence in the development of what we now term Classical Greek culture.<sup>9</sup> That culture has sundry essential elements, including, in addition to the greatest periods of Athens, developments within Ionia and pre-Roman southern Italy; but the most essential and original feature of that culture, is to be found in the record of the transformation of the conception of the nature of man, as traced from the Homeric epics through the writings and acts of Plato.

In reading from the *Iliad* through the Socratic dialogues and *Laws* of Plato, we trace two giant steps upward, leading

9. Friedrich Schiller, “What Is, and To What End Do We Study, Universal History?” *Friedrich Schiller: Poet of Freedom*, Vol. II (Washington, D.C.: Schiller Institute, 1988).

into Classical Greece’s unique contribution to the origins and continued development of modern European civilization. First, there was man defined as the cattle-like plaything of, excepting Athena, the capriciously wicked gods of Olympus.<sup>10</sup> Over a later span of time, as from the story of Ulysses, through Aeschylus’ *Prometheus Bound*, there is a great step upward, toward man as portrayed by the great Classical tragedies, in revolt against the tyranny of those oligarchical pagan gods. Finally, where Aeschylus’ Prometheus trilogy ends, there emerges the second great step upward, the new, Socratic definition of man as made in the image of the Creator (*Composer*) of the universe, in the writings of Plato, such as his *Timaeus*.

This emerging, latter notion of the true nature of man, is inseparable from the concept of the *idea*, as Plato, most notably, supplies the first known, rigorous definition of *the idea of ideas*. Here lies the key to showing the connection and qualitative difference between the presently known culture of ancient Egypt and that of the modern European civilization rooted in Classical Greece. This pin-points the first of the three revolutionary developments, beyond barbarism, upon which modern, globally extended European civilization, depends absolutely.

10. The Greek name of Athena associates her with the founding of the original city of Athens, under Egyptian sponsorship. In the legacy of Classical Greece, she is associated with the principle of cognition, as distinct from both simple irrationalism and deduction. On a related matter, see Diodorus Siculus on the mythical real-life origins of the Olympus cult.

Admittedly, *ideas*, as Plato defines them, and I have refined that notion from the standpoint of Christianity, did not first come into being with Classical Greece. Rather, Plato's Greece is the first location in known history, at which the *idea of ideas in general* is clearly defined. The difference is between the discovery of several or more experimentally validatable individual physical principles, and the discovery of the Platonic principle of universality underlying physical science in general. Plato's *Timaeus*, *Critias*, and *Laws*, as to be read against the background of his earlier works, set the benchmarks for that notion of the idea of cognitive ideas in general.

Typical of this difference, is the appearance of Classical Greek notions of sculpture, as typified by the celebrated influence of Scopas and Praxiteles, and by the great Classical tragedies. A modern example, is the way in which Johann Sebastian Bach created that well-tempered system of polyphonic composition, upon which foundation the great compositions of Josef Haydn, Wolfgang Mozart, Ludwig van Beethoven, Franz Schubert, Felix Mendelssohn, Robert Schumann, Johannes Brahms, and Giuseppe Verdi, developed the great Classical polyphonic legacy, they each and all in explicit opposition to such Romantic followers of the silly Rameau as Liszt, Berlioz, Helmholtz, and Wagner.<sup>11</sup> The contrast between the Classical representative of actual ideas, and the aura of death around the earlier Archaic art of Egypt and Greece, a contrast typified by Leonardo da Vinci and Raphael Sanzio, or Rembrandt's famous portrayal of an insightful bust of Homer contemplating the soulless stare of Aristotle, illustrates the essential species of distinction between the two.<sup>12</sup>

In fact, any valid idea is an experimentally demonstrable discovery of a universal principle, such as a universal physical principle, or, in the alternative, those universal principles of artistic composition which underlie all that is properly classed

11. As distinct from, and opposed to the mechanistic, so-called equal-tempered system. Bach, as typified most efficiently by his crafting of his *A Musical Offering*, and in his *The Art of the Fugue*, followed Plato and Kepler, in defining the musical domain as what Gauss and Riemann later defined as a multiply-connected manifold. It is the ironies of juxtaposition of *bel canto*-trained singing voices, not a mathematical calculation in any ordinary sense, which locates the "orbital pathway" in which contrapuntal values of the sung tone lies. It is, as Wilhelm Furtwängler emphasized, "between the notes." Today's popular schoolbook doctrine on the subject of tuning, is to be viewed as typical of the witless quality of contemporary pedantry.

12. After, most notably, the relevant work of Leonardo da Vinci, the great Classical Renaissance paintings, such as those of Raphael Sanzio and Rembrandt, are premised upon the locating of events as reflecting, implicitly, a physical space-time which is most fairly described as Riemannian. In this way, the great Renaissance painters brought into painting the same way of representing ideas associated with that of the Classical Greek sculptors, such as Scopas and Praxiteles, who captured their subjects in mid-motion, rather than as dead objects in "Euclidean" space-time. This Rembrandt work is, for the sensitive modern viewer, among the boldest of successful examples of that method of portraying ideas.



Rembrandt's "Aristotle Contemplating the Bust of Homer" vividly illustrates the contrast between the Classical representative of actual ideas, portrayed by the blind Homer, and the aura of death shown in the soulless stare of Aristotle.

as Classical artistic work. Classical artistic composition is to be recognized as opposite in quality to such forms of irrationality run amok as Romanticism, Impressionism, Modernism, Post-Modernism, and most of what passes, according to Hollywood, for today's popular, and usually bestialized forms of entertainment, the latter plainly echoes of the amusements proffered by that pagan Roman imperial arena in which Romans, by the "free choice" of popular opinion of their time, brought upon themselves the doom of their society. Thus, any valid discovery of a universal physical principle, is perfectly recognized as an idea, as distinct from mere sense-impressions or idle fantasy.

By *idea of ideas in general*, I mean, for example, as I have said, physical science, as distinguished from a collection of those respectively validatable individual discoveries which have yet to be integrated into the form of a validatable body of physical science in general.<sup>13</sup> In other words, the point of the distinction is knowledge, or lack of knowledge of a

13. The only valid form of a modern working definition of physical science, is that typified by Bernhard Riemann's 1854 habilitation dissertation, a dissertation whose development is premised, as Riemann insists there, on the preceding development of the notion of multiply-connected manifolds, by Carl Gauss. Thus, science rejects simple sense-certainty and, therefore, also, "Euclidean" notions of physical space-time, as the standard for interpretation of the crucial phenomena underlying the discovery of validatable universal physical principles. Only experimental validation of a universal scheme, as anti-Euclidean *physical* geometry defines this, a universality itself composed solely of experimentally validated *as universal* physical principles, deserves the name of physical science.



conception of some principle of universal truthfulness, as Plato's dialogues elaborated such a principle. We also include those similarly validated universal principles of Classical artistic composition, principles which meet the same Socratic standard of *agapē* echoed in Paul's *I Corinthians* 13.

Admittedly, not only do we find traces of the notion of ideas as such, in the work of a contemporary of Classical Greece, the great Sanskrit philologist Panini. The notions of astronomical cycles embedded in the design of the great pyramids of Egypt, are examples of the kinds of ideas which represent, still today, the forerunners of modern science. A similar case is to be made for those Vedic Central-Asia calendars dated to not later than between 6,000 and 4,000 B.C. Perhaps there was *an idea of ideas* like that of Plato's dialogues somewhere in the ancient mists of time; if so, we have no confirmation of such so far. Presently there is no rigorously defined, recognized evidence of earlier such notions from the known, pre-Classical cultures of the recent six thousand-odd years according to today's official world history.<sup>14</sup>

By *the idea of the idea*, I mean the Classical Greek idea of *human nature*, as expressed best by Plato's dialogues, or, better, the Christian version of this Classical-Greek conception, or that of Moses Mendelssohn, among others, later. I mean, also, the distinct principle of Classical composition of sculpture, painting, poetry, music, and drama, which modern civilization has derived from the Classical Greek origins. We should mean, implicitly, and most essentially, the idea of man as made in the living *cognitive* image of the Creator of the universe.<sup>15</sup> It is that discovery of a rigorous, Socratic notion of the universal, non-Aristotelean principle of cognition, as traced to its origins in Classical Greece, which defines the notion of globally extended European civilization as a distinct idea. Herein, let us discover together the solution to the riddle which I have posed in the opening paragraphs of this report.

To trace the development of this notion of the idea, it were most convenient to focus upon the example of the argument provided by Plato in the work often identified as *The Republic*. For this purpose, the student should focus upon the dialogue, in that work, among the characters Socrates, Thrasymachus, and Glaucon.

The issues posed are the central issues of modern society, including the most important issues encountered at the highest levels of government and religious controversy. The characteristic feature of that dialogue, and of all Plato's dialogues otherwise, is the principle of *the idea of the idea*. The entirety of the development of Classical Greece, from the Homeric epics, to the Classical Greek culture known to Apostles such as John and Paul, is summed up in that example.

Another way of expressing the notion of the idea of ideas, is the notion of discoverable universal truthfulness respecting man and nature, as this issue is central to the central dispute referenced by Plato's dialogue among Socrates, Thrasymachus, and Glaucon. This quality of truthfulness, so located in the argument of that Socrates, is the essential distinction between science and pseudo-science, and the opposition of a natural law rooted in truthfulness, to the depraved misconception of law adopted for practice by today's doctrinaire, the notions of merely customary or purely positive law. The latter includes, notably, the evil work of such positivist acolytes of the evil Bertrand Russell as Norbert Wiener's "information theory" and John von Neumann's lifeless notions of "systems analysis" and "artificial intelligence."

Three most characteristic, and also multiply-connected notions of Plato's work as a whole, are to be recognized there. These are: the principle of truthfulness and justice; the supreme principle of law, identified by Paul's use of Plato's definition for the Greek term *agapē*; and, by the idea of all ideas, the *idea of man*. This defines man implicitly, as distinct from all other living beings, the efficiently human personality of the human individual, as created in the image of the efficient Mind of the *Composer* (Creator) of the universe.<sup>16</sup>

I shall return to that specific point; but, first, I must qualify the connection between the first two of the successive revolutions just identified.

Alexander the Great had been guided to his inspired victories, by aid from those students of Plato who were adversaries of Alexander's enemy, Aristotle. The assassination of Alexander spilled the seeds of self-destruction, like a soil poisoned by the blood from that murder, into the grand design which Alexander had represented. Although the Classical Greek culture of the pre-Roman, so-called Hellenistic period, was the most advanced culture in the Mediterranean region, until the Fifteenth-Century Renaissance, it contained thus a fatal flaw. As the United States' history illustrates the same paradox, the Classical legacy was the greatest legacy of its time, but, after the murder of Alexander, it harbored a parasite, an alien enemy within, an enemy akin in nature to our slave-holders and Wall Street gang. Hellenistic culture became thus vulnerable to its conquest by that intrinsically evil "New Babylon,"

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14. The relevant standard of rigor is that exemplified by Bernhard Riemann's 1854 habilitation dissertation, in which all formal-mathematical derivations of notion of universality, are outlawed, that in favor of a physical-experimental determination of the curvature of the entirety of the physical-space-time within which the relevant action is situated. All efforts known to me to show an earlier dating for the idea of ideas, rest, to my knowledge, on arguments which include demonstrably crude, aprioristic assumptions.

15. *Cognitive*, as the term is employed here, should be recognized as signifying the Mind of the Creator, as distinct from idols which purport to represent God in the image of the mere mortal body which the mind of the person inhabits. Thus, Classical sculpture and Renaissance painting, as contrasted with Archaic and Romantic styles, locates the image of the personality in the idea whose existence must be adduced by the mind of the viewer, the idea which lies ontologically within the mid-motion ironically represented.

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16. i.e., as elaborated by Plato in his *Timaeus* dialogue, and as typified by Paul's *I Corinthians* 13.



“St. Paul Visiting St. Peter in Prison,” by Masaccio.

which became known, otherwise, as the Roman Empire.

Thus, beginning at about the time of the Roman murder of Archimedes and the later death of the greatest scientific mind of that time, Archimedes’ correspondent Eratosthenes, that creation of the Delphi cult of the Pythian Apollo known as Rome, emerged as an echo of both ancient Delphic Sparta and old Babylon, as the imperial New Babylon, sometimes known among Christians as “The Whore of Babylon.” That pagan Rome erupted, thus, to power throughout the Mediterranean more generally. For nearly two centuries, from the murder of Archimedes to the birth of Jesus Christ, the Classical legacy waned. Then, came the time when Christ and his Apostles transformed the Classical Greek heritage, that in the fashion the Apostle Paul addressed the matter of the “unknown God.”

For the Jews already in struggle against the tyranny of both Rome and Rome’s “Quisling-like” lackeys of the Jewish puppet-regime, the arrival of Christianity was a revolution, a redemption of human nature, as human nature is defined

literally within the first chapter of the first book of Moses. As for Moses, the universality of man and woman is, that each is made in the image of the Creator, and empowered and mandated to exert dominion over all other things within the universe. That power is nothing other than the non-deductive faculty of cognition, the latter that anti-deductive power of *Reason* unique to the human individual, the power of reason hated by the Immanuel Kant of his *Critiques*. Cognition is the means by which mankind is able to discover and employ experimentally validatable, universal physical principles, thereby to increase man’s power in and over the universe.

This thus redeemed Mosaic notion of human nature, expressed as the mission of the Christian apostles to the gentiles, was the assigned great mission unique to the Apostles of Christ. That mission was dedication to the redemption of all mankind as such a special, cognitive creature, each individual made in the image of what Plato had defined as the knowable concept of the *Composer* of the universe.

No longer, as had been the case under the Jews of the time of Christ’s birth, was one people to be preferred absolutely over others; rather, each part of mankind is obliged to serve the welfare of all mankind, to serve the universality of all humanity as a species of creature made in the image of the Creator. It was this alternative to the evil inherent in Rome and in the flaws of the prevalent form of the Jewish outlook at that time; it was a Christianity whose ministry to all mankind, has, despite all else, thus far saved mankind from the doom otherwise inhering in the legacy of that “New Babylon” known as the Roman Empire.<sup>17</sup>

## The Mystery of Jesus Christ

Those referenced similarities in policy taken into account, how must today’s historians and strategists differentiate *functionally* between Plato’s Socrates and Christ? In what degree does the ministry and crucifixion of Christ prefigure, but differ

17. Admittedly, some enthusiasts have argued that Christ represented a “New Dispensation,” so argued from the dubious standpoint of Eighteenth and Nineteenth centuries “Biblical archeology.” Despite such apologetics, which tend to be associated with gnostic varieties of pornographic and numerological sophistries derived from their readings of the *Old Testament*, Christianity’s redemption of the intent of Moses’ utterance, did represent a break from the dogma of a “chosen people,” a break without which such benefits as the Eighteenth-Century emancipation of the European Jews could not have occurred. Characteristic of, and often coinciding with such gnostic aberrations in theology, are all those varieties of pro-oligarchical apologetics, which locate morality almost hermetically in narrow matters of sexual behavior and family and community relations in the small, thus avoiding all the big issues of Christian morality, such as the evil inhering in the fostering of policies and arrangements which foster racial discrimination and other expressions of policies of oligarchical practice which treat some people as actually, or virtually human cattle. Typical are arguments to the effect: “Do not offend the rich and powerful,” sophistries typical of gnostics such as the Bogomil (Cathars) cult and its derived, pro-satanic, “free trade” dogma, that of John Locke, Bernard Mandeville, Adam Smith, and their followers of the Mont Pelerin Society cult today.



*Painting of the Roman murder of Archimedes, by Penimo del Vaga (a pupil of Raphael). At about the time of that murder, "Rome emerged as an echo of both ancient Delphic Sparta and old Babylon, as the imperial New Babylon, sometimes known among Christians as 'The Whore of Babylon.'"*

from the figure of the Socrates who also died for the cause of truth, that at the evil hands of the probably treasonous Democratic Party of Athens? Why must I now insist, that the Christianity which adopts and preserves the legacy of Classical Greece, be recognized as a revolutionary, divine intervention, one distinct from the best previously contributed by Plato et al.?

On first approximation, it was the legacy of Christ and His Apostles, which kept the contributions of Plato alive, at a time when those contributions had otherwise remained where the Roman Empire had enslaved or buried most of them. It was the long struggle of Christianity, including that led by Augustine, against the Roman Empire and its legacy, which brought the work of Plato to serve as a central feature of the political revolution which was the Fifteenth-Century Renais-

sance. Yet, although Plato's method is not only reflected, most emphatically, in the Gospel of John and Epistles of Paul, but represents an indispensably integral feature of the appropriate method of Christianity and its theology over nearly two thousand years to date, there remains a certain crucial, *functional* difference between the two, and a related political consequence for the world as a whole.

In Christian doctrine, the crucial difference, as stressed among the earliest Church Fathers, and by the legacy of Augustine for the West, is embedded within a single phrase of the Christian Creed, "and of the Son."<sup>18</sup>

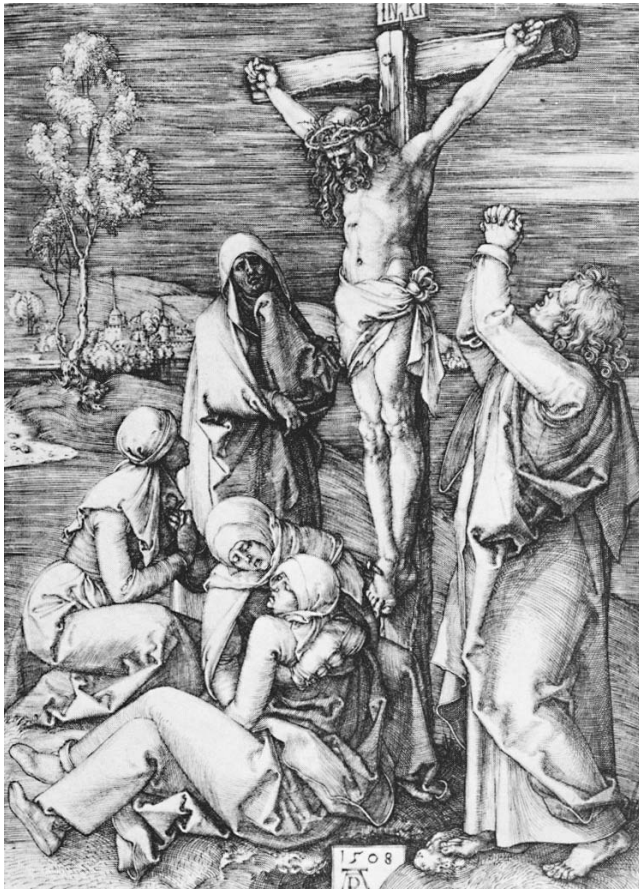
The crucial question is, "Why, if Jesus was born in the time of the reign of Augustus Caesar, did the Disciple John locate the existence of Christ *from the beginning*"? Here lies the relationship of the Crucifixion to the essence of Christianity. For Plato, this would be, admissibly, a concept not axiomatically alien to the method seen in his *Timaeus*, for example, but its origin and habitat is Christianity.

That, in turn, poses the question: What is the essential, necessary significance of the Crucifixion, which makes Christianity so powerful an idea of ideas? *Therein lies the mystery of Christ*. This is not a mystery in the sense of being inherently inexplicable to reason; it is a mystery in the sense it appears in the form of a profound ontological paradox, which can be made comprehensible only by mustering within oneself the relevant cognitive action of discovery. That mystery, so described, taken into account, what we must credit to Plato's Classical Greek culture, is the source of the capacity, or, if you prefer, susceptibility, to solve the paradox posed by Moses' definition of the nature of man.

There is no intrinsic incomprehensibility inhering in the mere fact of that mystery. As I shall stress, without this specific quality of Christianity, none of the positive developments leading into the Fifteenth-Century Renaissance had been possible. After we have taken all that we can adduce from Classical Greek culture, such as that of Plato, into account, that does not account for the Renaissance, for the birth of modern, globally extended European civilization. There is a special, efficiently superior universal principle embedded within what might seem otherwise the mere bare historical fact of Jesus Christ. It is a universal principle implied, as I have said, by a corresponding ontological paradox.

That paradox is crucial for actually knowing the characteristic feature of each and all of the three revolutionary developments upon which European civilization and its development

18. The adopted view on the antiquity of the Latin *Filioque* by the great ecumenical Council of Florence, was established by the work of the later Cardinal Nicholas of Cusa, who presented the proofs from Greek sources he collected in Byzantium. An account of this, "Nicolaus of Cusa and the Council of Florence," was presented (in German) at Rome, to the 550th Anniversary of the Council of Florence, by Helga Zepp LaRouche on May 5, 1989. See *Fidelio*, Spring 1992, for the English-language translation of her address.



“Crucifixion” by Albrecht Dürer, 1508. “The crucial question is, ‘Why, if Jesus was born in the time of the reign of Augustus Caesar, did the Disciple John locate the existence of Christ from the beginning?’ Here lies the relationship of the Crucifixion to the essence of Christianity.”

depends. The mystery of Christ is the central, defining expression of that development. Consider that paradox in successive approximations.

In first approximation, the difference lies in the personal relationship of the Christ of the Crucifixion to the most destitute and otherwise most oppressed victims of Roman and other evil tyrannies. It has been the personal bond of that oppressed individual, even in death, to the personality of the crucified Christ, which has been the essential spark, the compelling passion, upon which all of the temporal achievements of globally extended European civilization have depended, and that absolutely, a civilization whose progress flowed, in such large degree, from the spilled blood of martyrs.

This points already toward a still deeper principle. The crucial conception, the idea of ideas, which makes that connection comprehensible, is the notion of *the simultaneity of eternity*. There lies the key to the challenge of that great metaphor, the historical mystery of Christ.

Unfortunately, such a statement, respecting the simultaneity of eternity, is heard by today’s superabundance of aca-

demically trained illiterates, as a very strange formulation. The fault which may be thus attributed, unjustly, to the expression, does not lie in the form of the statement, but in the blinding effect of today’s popularized forms of ignorance. Among the victims of their own lack of reason, we must include all those who profess themselves to be materialists, empiricists, Cartesians, Kantians, existentialists (such as the fascist admirers of Nietzsche and his follower Heidegger, and anarchoid leftists such as Adorno, Hannah Arendt, and Heidegger’s follower Jean-Paul Sartre), and the modern positivists and structuralists. The idea which such illiterates profess they can not see with their senses, is a vision, but it is no mere fancy; it is, as I have said many times in what I have spoken and written on this subject, an elementary sort of experimentally demonstrable physical fact. *This is the same quality of fact as any experimentally proven discovery of a universal physical principle.*

It is the materialists, empiricists, and their like, who, directly contrary to their smug delusions, are living in a non-existent world of sheer lunatic fancy. This is precisely the idea which you—*personally*—must recognize, *if you are to recognize the principle by means of which our presently imperilled civilization is to be rallied from the doom it is currently bringing down upon itself.*

No sleight of hand, no magical powers of prophecy, or the like, are involved in this vision. It is all clearly shown by the standpoint of a valid quality of physical science. The problem of society today, is that most people are terribly, sometimes terminally ignorant, precisely because they are of that superstitious breed suffering the bestializing delusion, that *physical* means sense-impressions. The task, therefore, is to show conclusively, that such people, including notable professors of physical science, are deluded on this specific point.

The point, is to put on record the evidence, that the mystery of Christ, as set forth in the opening of the Gospel of John, is not a matter of blind faith, but a fully comprehensible fact of Reason, and thus knowable to all, Christians or not, who do not remain hysterically resistant to the influence of Reason. The self-blinded victims of unreason, may be otherwise described as persons so passionately occupied by the bestial side of their sensual nature, that they refuse to detach themselves from the delusion, that the image seen in the distorted mirror of sense-impressions, is the same thing as the object which the mirror but imperfectly, and incompletely reflects.

In such a vision of Christ, there is no mumbo-jumbo, no blind faith. There is, however, the confusion which tends to erupt among the illiterates. Such problems of the illiterates, are the usual source of the disorders which have prompted many such persons to resort to unctuous utterances which may be deemed plausible only to the degree that the minds of teacher and pupil are more or less equally confused.

This, as I show, is a conception solidly rooted in the

principles underlying physical science. It could not be otherwise.

## Economy and Theology

It is no mere coincidence, that this notion of simultaneity of eternity, is the most interesting, important, and profitable idea in all physical science. (There, it appears most frequently reflected, today, in its reflection as *the relativity of time*.) I presented the groundwork for defining this paradox in locations published earlier, where I have emphasized the fact, that there are three distinct, but multiply-connected qualities of universal physical principles to be taken into account: non-living processes, living processes, and cognitive processes. Therefore, here, it is sufficient that I merely summarize those points elaborated in those earlier locations. That summary of those aspects helps me in focussing the reader's attention on the crucial feature of the principal paradox, *the mystery of Christ*, as it provides the cornerstone for the entire subject of this report as a whole.

I summarize the physical-scientific basis for the argument, and thus so situate the core of the argument, respecting Christianity, itself in a provably knowable reality of experience.

As all my published writings and lecture-series on the Leibnizian science of physical economy, have emphasized, any competent notion of modern economy depends primarily, and absolutely on the notion, that the demonstrable increase of mankind's gains in power in and over the universe, is the result of nothing other than society's cooperation in applying experimentally validated discoveries of universal physical principle. It is from those experimental proofs of thus-discovered universal physical principles, that the relevant technologies are generated as by-products, thus increasing the potential relative population-density of humanity, as measurable per capita and per square kilometer of surface-area.

In those writings and lectures, I have shown, that the generation of such discoveries of principle, can not occur through deductive methods, but only through the non-deductive processes of cognition, in contradiction of the Immanuel Kant, for example, who denied such knowable cognitive processes to exist. These discoveries occur at the prompting of what Plato's method defines as *ontological paradoxes* of the sort which can not be overcome by deductive methods, but require methods associated with what Plato defines as a principle of *higher hypothesis*.

That is the same method to which Cardinal Nicholas of Cusa gave the title of *docta ignorantia*, the method adopted by Leonardo da Vinci from Cusa's work, the method of Kepler, Leibniz, et al. It is by the sharing of the experience of original discovery, this by aid of sharing the experience of both such relevant ontological paradoxes and experimental validations, that such a discovery is established as knowledge for practice, as opposed to merely learned "information." It is in the same way, and only this way, that any universal principle of physi-

cal science can be actually known.

These cognitive processes are of exactly the type illustrated by Plato's dialogues. They also are of the same type underlying all successful efforts in Classical forms of artistic composition. The method of well-tempered counterpoint developed by J.S. Bach, as shown in his *A Musical Offering* and *The Art of the Fugue*, is an example of precisely this point. The opponents of Bach's polyphonic method, in music, including Romanticists such as trivial Rameau and hoaxster Helmholtz, are typical of artistic (and, scientific) incompetence on this account. Thus, periods of history in which these Classical methods in science and artistic composition and performance predominate over so-called popular and other alternatives, are the great upward-moving periods in the entire sweep of globally extended European civilization since Classical Greece. It is periods in which cognitive literacy of this Classical form, in education, in scientific practice, and in artistic composition and performance, prevails, that the greatest relative progress in the human condition is obtained.

In contrast, it is during periods in which Classical forms of artistic composition cease to be popular, that societies tend to slide into their great cultural and moral catastrophes, as in the U.S.A. today.

Specifically, the mental activity responsible for the successful generation and sharing of a validatable, original discovery of universal physical principle, represents exactly the same quality of mental activity — *cognitive activity* — which is otherwise encountered in the Classical form of artistic composition and performance. *The distinction between the two kinds of experience, is that the focus of physical science is man's increased power in and over nature, per capita and per square kilometer, whereas Classical artistic composition addresses the means, of person to person, means rooted in cognition, by which cooperation in fostering and employing valid universal physical principles is made possible.* As Shelley describes the unity of the two, in his *A Defence of Poetry*, it is a matter of periods in which there is an increase of the power of imparting and receiving profound and impassioned conceptions respecting — *both* — man and nature.

Look backwards, from Riemann's 1854 habilitation dissertation, to Plato. Focus upon the notion of the kind of ontological paradox from whose prompting a cognitively generated, valid discovery of a universal physical principle flows. Contrast the type of case, in which a valid discovery flows from an isolated ontological paradox, to the alternate case, in which, as in Riemannian hypergeometry, all potentially well-defined new paradoxes are already implied, as cognitive potential, in knowledge of the manifold considered as a whole.<sup>19</sup>

Take as an example of this, the relationship between Fres-

19. Bernhard Riemann, *Über die Hypothesen, welche der Geometrie zu Grunde liegen* (1854), *Bernhard Riemanns Gesammelte Mathematische Werke*, H. Weber, ed. (New York: Dover Publications reprint edition, 1953), pp. 272-287.

nel's devastating experimental design for the demolition of Newton's dogma on the propagation of light, and Wilhelm Weber's experimental proof of the Ampère angular force, thus refuting the neo-Newtonian fallacies of Grassmann, Maxwell, et al. on this point. The latter two conceptions, Fresnel and Arago on light, and Ampère-Weber on electromagnetism, were not only integrated discoveries in both their origins and their outcome, but were discoveries generated, as in the intimate collaboration among Fresnel, Ampère, and Arago, from the starting-point of recognizing a pervasive, systemic fallacy in the totality of the empiricist dogma of Sarpi, Newton, Leonhard Euler, et al.<sup>20</sup>

The characteristic of the most productive trends in modern European culture's scientific and technological progress, is typified by the implications of Riemann's habilitation dissertation. It is viewing the entire sweep of physical science as an implicitly unified, unfolding manifold, as Cusa and Leonardo did before Kepler, Leibniz, Gauss, and Riemann, which moves scientific progress from the domain of seemingly haphazard solutions to isolated paradoxes, into a generalized, and more or less conceptually well-focussed onslaught on the frontier of existing science as a whole.

Those considerations, as just so summarized, lead us immediately to the central question posed by the notion of "simultaneity of eternity." That, in turn, makes the concept of the mystery of Christ transparent to *the individual processes of cognition*.

There are three crucial, multiply-connected ideas to be considered in that specific context.

First, if the functional relationship between man and the universe is located within the domain of cognition, rather than that of simple sense-experience, what is the form and quality of the willful choice of action which defines man's functional relationship to the universe?

Second, since such action is generated only within those sovereign cognitive processes of the mind of an individual, the which are impervious to observation by sense-perception, and since that individual is mortal, what is the relationship of that individual's mortal existence to the universe in which the effects of such cognitive acts unfold?

Third, what, on both accounts, is the relationship

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20. See Jonathan Tennenbaum, "How Fresnel and Ampère Launched a Scientific Revolution," and Jacques Cheminade, "The Ampère-Fresnel Revolution: 'On Behalf of the Future,'" *EIR*, Aug. 27, 1999; Laurence Hecht et al., "The Significance of the 1845 Gauss-Weber Correspondence," *21st Century Science & Technology*, Fall 1996; Laurence Hecht, "Optical Theory in the 19th Century, and the Truth about Michelson-Morley-Miller," *21st Century Science & Technology*, Spring 1998.

of the existence of the cognitive activity of the mortal individual to the existence of all humanity within the universe as a whole? There, in summary, in that third observation, and in nothing less than that, lies the notion of *the idea of the idea of human nature*.

The first of those three ideas, points to a fundamental quality of distinction between the commonplace, vulgar notion of a universe, as a bare reflection of sense-experience, and the notion of that experience of the universe in terms of the specific qualities of action which demonstrably *increase the potential relative population-density of mankind*, or of a specific human culture.<sup>21</sup> This identifies the first conceptual hurdle which the student must overcome, if he or she is to attain an efficient notion of the meaning of physical science and technology.

Consider the definition of characteristically human action, to be solely: that *action by means of which mankind's potential relative population-density is increased*. Then, only those forms of cognition typified by valid discovery (and re-enactment of the act of such discovery, as by a student) of universal physical principles, correspond to such action. This can be represented, for example, by the image of a series of Riemannian manifolds (e.g.,  $n$ ,  $n+1$ ,  $n+2$ , . . .) ordered accordingly. That image brings the action corresponding to the progressive ordering of that series of discoveries of principle, into conformity with what Riemann, following both Leibniz and Gauss, defined as the changes in characteristic curvature of physical space-time, as we proceed from one such manifold to the next.

By proceeding along that line of thought, we have freed science from the intellectually numbing grip of vulgar sense-certainty. Instead of the naive folly of attributing reality to the "ivory-tower"-like contemplation of sense-impressions, we now have, through the relevant modes of experiment, an immediate correlation between the cognitive action of the individual mind, and the effect of the action of the hand guided and controlled by the action of discovery by that mind. This relationship of the action of the cognitive state of mind to the change in effect induced by the action of the hand it controls, thus becomes the only definition of *physical knowledge* which we accept. This is Heraclitus' "nothing is constant but change," as that paradoxical ontological principle was clarified by Plato.

So, instead of inferring the action as congruent with an aprioristic kind of sense-certainty, or the so-called "Euclidean" physical space-time of the empiricist Galileo, et al., we define action in the cognitive terms I have just summarily described. Instead of the vulgar superstition of "action at a

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21. This includes the qualifying notions of improvement of the demographic composition of the population, both as considered in terms of households, growth-rates per capita, life-expectancies, and so on.

distance” (i.e., in “Euclidean” space-time), we adopt a Leibnizian notion of a principle of *universal least action*. This quality of action is, thus, the characteristic curvature of the kind of physical space-time associated with the action in which it occurs. The increase of potential relative population-density, provides a relevant standard of measure, the framework within which that “curvature” is to be defined.

The latter characteristic, is to be defined, in first approximation, in a Riemannian sense of the correlation between cognitive state of mind and the effective change—the *change in pre-existing currents of change*—induced by the hand it guides and controls.

Then, by measuring physical action so defined, in terms correlated with the notion of potential relative population-density, we have, in approximation, the image of the first of the three multiply-connected principles (ideas) listed above.<sup>22</sup>

However, since such successful action by the human species, depends upon cooperation in sharing such ideas for practice of society, the physical relationship of the individual mind to the universe at large, is expressed immediately as I have indicated under the title of the second of the three principles listed shortly above. In this view, it is already clear that man acts efficiently upon the physical universe solely through the medium of those cognitively defined social relations, through which the transmission of such ideas occurs, through replication of their discovery. Thus, on this latter account, the role of Classical forms of artistic culture within the society, assumes a crucially determining character.

I emphasize a crucial point in this connection. I condemn to ridicule, the corrupted, actually degraded notion of art, as “merely entertainment,” as “merely fiction.” Of all compositions and performances of which it can be said, “This is primarily for your entertainment,” either the work performed, or the particular performance of it, or, at a minimum, the audience’s perception of it, is not an artistic experience. Classical forms of artistic composition, are the most appropriate means for the education of the soul, as Schiller’s tragedies, *Wallenstein* and *Don Carlos*, for example, elevate history from the level of more or less tendentious accounting-practice, mere apologetics or empty fantasy, to the mission of imbuing performers and audiences with a sense of the truth respecting the historical issue presented on the stage.

Does the performance of the Bach Passions of St. John and St. Matthew, for example, quicken in the participating congregation a truthful sense of participating in those moments in the life of Christ? Or, Wolfgang Mozart’s *Requiem*, in that Bach tradition, or Beethoven’s *Missa Solemnis*, also

consciously crafted in the same Bach tradition as Mozart’s *Requiem*, but of which I have heard no truthful performance of the work as a whole to date. All true Classical art has the intended content, of composer and performer, of imparting to performer and audience an impassioned sense of truthfulness, a sense which can be effectively communicated in no other way than through the medium of Classical artistic composition. The best performance of the so-called Negro Spiritual, as Dvůřak and Burleigh followed the thinking of Brahms respecting insight into the perfecting of folk-music, expresses the same universal principle of Classical art.

As the development of those forms of language oriented to cognitive communication, is as essential as reliving earlier accumulations of valid discoveries of physical principle, so even the existence of such a use of language itself, ties each of us presently living to the long process of emergence and development of such forms of language itself. However, to agree on the meaning of this ostensibly self-evident fact, we must first make clear to ourselves, what a healthy development of the use of a language represents.

Here, we must depart from the presently customary academic tendency, the tendency to equate spoken and written language with one-to-one correspondence with a purely deductive, more or less a behaviorist’s view of mathematics, with or without the included features of color, called emotions, added to the merely deductive forms of symbolic structures as such. As all successful forms of Classical artistic composition illustrate the relevant point most clearly, the essence of those forms of communication related to cognition is the principle of Classical metaphor. Relative to a formal classroom mathematics, the characteristic distinction of metaphor from a purely deductive form of language-use, is argument in the form of what Leibniz identified as *Analysis Situs*, this more or less as Riemann adopts a related notion of this.<sup>23</sup>

In a relevant approximation, a metaphor is a stated gap, an apparent paradox, which can not be bridged by methods of deductive argument. It is, according to the standard modern English-language definition, by William Empson, the ultimate, relatively absolute form of literary *irony*.<sup>24</sup> In all cases represented, as types, by Empson, the principle of *Analysis Situs* is either explicitly, or proximately present. Symbolism is the lowest form of irony, and tends to be the most often false and degrading. Metaphor is the perfect form of expression of irony, of *Analysis Situs*, and the most important, that on which the most profound arguments, such as the discovery of universal principles, must necessarily rely.

Thus, to the degree we are cognitively cultivated as children and adolescents, and at later ages, too, we each embody

22. Remember, that physical principles themselves are assorted among three sets of a multiply-connected, Riemannian-type manifold: principles adduced from non-living physical processes, physical principles peculiar to living processes, and physical principles peculiar to validatable cognitive processes as such.

23. e.g., Bernhard Riemann, *Theorie der Abel’schen Functionen* (1857), *Werke*, pp. 88-144.

24. William Empson, *Seven Types of Ambiguity* (Middlesex: Penguin Books, 1961).

a corresponding mass of cognitive re-experiences, and also paradoxes, which we have thus acquired from preceding generations. Since the cognitive act of acquiring such combined knowledge and pre-knowledge, occurs within our perfectly sovereign mental processes, we each provide thus, potentially, a necessary link in the transmission of such knowledge from our predecessors to those who come after us. The actions of society, which are derived, as both potential and practice, from that thus-transmitted and -generated store of cognitive knowledge, are the means by which mankind acts upon the universe to the effect of increasing our species' potential relative population-density. Since the individual cognitive action, on which this transmission depends absolutely, is, ontologically, the sovereign cognitive action of each individual, *each individual so engaged, represents a permanent—i.e., immortal—link in that chain of human development*, a link to be found, as appropriate, in either Heaven or Hell.

Therefore, look at the universe in a different way.

In first approximation, the skein of human existence as a whole—as past, present, and future, can be conceptualized as a permanent, ontological process of constant change, so defined in terms of a universal principle of efficient cognition. This can be conceived as if all eternity existed as but an instant. Yet, within that eternal instant, there is an ordering principle, the ordering of before and after, as cognitive action defines such a succession. Time and space, in the sense of “Euclidean” space-time, vanish, leaving only the residue of cognitive action, an ordering of before and after, within that internally, cognitively ordered simultaneity of eternity. Action is preserved, where time and space remain only relative.

Thus, we have the following crucial ontological paradox to solve. *According to the Gospel of John, the Jesus Christ born slightly more than 2,000 years ago, existed with God the Father at the beginning of time, dwelling in that moment, called eternity, defined by creative cognition.* This paradox points directly to the truth underlying the mystery of Christianity. That also defines the nature of Christianity, and, also exposes, in a more profound way than ever before, the actual nature of man.

Granted, we can not suppose that more than a few Christian believers so far ever conceived the arrangement in exactly the way I have described it here so far. Yet, for any Christian (that is, a person situated, essentially, in the implied, living, efficient connection between the mortal individual person and the living Christ crucified), precisely such an implicit, personal relationship, is essential. The image I have drawn in this way, is no fantasy. What I have described is the demonstrable physical reality of a universe so mapped according to cognition (e.g., Reason) as a supreme ordering principle. The scientific proof of that fact, is elementary; I have stated it on many earlier occasions.

Thus, on that account, we have the following additional paradox to consider, the paradox of creation in general.

When mankind acts according to a discovered universal

physical principle, the universe obeys that cognitively-generated command. Mankind's power in and over the universe is increased. It is thus as if the universe was predisposed to obey *only* such commands, as if by pre-design: *as Plato argued, as if it were composed by its Composer.* Scientific progress, when measured in terms of increase in potential relative population-density, from the standpoint of a science of physical economy, is “the great experiment,” upon which the claims of science to authority depend absolutely.

Thus, in such action, mankind expresses itself, through the fruit of individual cognition, as made in the image of the Creator of the universe.

What I have thus described, is an image of the real universe, to be contrasted to, and to supersede the infantile and childish presumptions which attribute reality primarily to sense-perception, and to hedonistic responses to the objects of sense-perception. Such is the essential distinction in quality of mind, between a morally matured representative of the human species, and the classes of such morally infantile types as those among which we find a Governor Bush or Vice-President Gore. However, while the cultivated mind of a scientist should be able to grasp the axiomatic distinction as I have just described it, he might not yet “feel” the distinction, until he had taken the matter one crucial step further.

It is a common folly among putatively well trained physical scientists, much more so today than among those born during the period spanning two World Wars, that they tend to go cognitively dead when leaving the experimental laboratory to assume a position before the blackboard. In the better cases, such a figure at the blackboard might say in response to a crucial sort of paradox, “I see the point you are making;” but, at the same time, the acknowledgment is essentially an academic formality, and does not represent an act of comprehension. It remains, more or less, an academic formality. He does not “feel” the fact he has recognized; he is, in that degree, without expression of cognitive passion.<sup>25</sup>

At this juncture, it is essential to stress again a point made above. That, the effect of mankind's relationship to the physical universe, may be measured in per-capita and per-square-kilometer values of potential relative population-density, but that the action by means of which this progress is motivated, and therefore accomplished, lies not within the domain of that observation, but only within the cognitive aspect of social relations. Here, only in that latter domain, one may “feel” the moral distinction in question. One might feel anger, for example, but not the quality of motivation (passion) associated with the cognitive willing of an action.

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25. Among the most striking examples of this, is the commonplace evasion of the evidence which demonstrates that living processes represent the existence of a universal physical principle, of life, not to be derived from non-living processes. The evidence is conclusive; but, the passion needed to face the implications of that proof, excepting cases such as Pasteur and Vernadsky, has been usually lacking.



The experience of “feeling” that distinction, lies in the domain of Classical modes of artistic composition. Here, in this domain, we rise above the abstract individual thinker acting in terms of discovered universal physical principles; we leave the domain of mere shadow-figures, persons degraded by deductive logic into mere abstract objects, and enter the domain of real human beings. In the latter domain, we experience those passions through which cooperation in mastering the universe is motivated.

Thus, the Christian does not act because of the scientific idea of Christ, but because he or she loves Christ as Plato and the Apostle Paul define the quality of *agapē*, and as the great Brahms sought to impart a sense of that within his *Four Serious Songs*, especially the concluding part. For that, will heroes and martyrs die, as the image of Friedrich Schiller’s Jeanne d’Arc portrays this her passion in the closing moments of her life. It is in great Classical artistic composition, that such indispensable qualities of passion are rehearsed and strengthened.

It is precisely that same quality of passion which must be summoned from among our people, if we are to muster among us the will to free civilization from that awful curse presently descending upon the world.<sup>26</sup> The lessons which were applied to bring the Golden Renaissance, including its birth of modern experimental science, into being, were not merely matters of formality; they were matters of great, and profound *passion*. Therefore, although only a few special persons are capable of rising to the cognitive quality of devotion which my foregoing outline describes, the lesson of Christianity over nearly 2,000 years, shows how the sense of a personal relationship to a living Christ crucified, supplied to European civilization that degree of admittedly unperfected passion for Reason, which has been proven essential to bring civilization to the levels reached by the Fifteenth-Century Renaissance and its actual progress in the human condition since.

In reality, the Christian so moved, is motivated by a sense of a living personal relationship to a living Christ. That this signifies that Christ lives today in the simultaneity of eternity, may be beyond the developed powers of that person’s comprehension; but, his or her passion respecting that relationship to the living Christ, is efficient, even if the Christian would stumble in any effort to explain that relationship. So, a person may insist, quite rightly and passionately, that he exists and is alive, even though the details of the scientific proof may be beyond his present powers of comprehension.

From that observation, we see in the ebbs and flows of the development of European civilization to date, how periods of moral complacency make our people morally and intellectually careless, as the aging Solon complained of his fellow-Athenians. Yet, we also see, that, sometimes, the threat or actuality of terrible tribulations awaken in people a willing-

ness to risk much, even to the point of death, to defend civilization from the abyss, and even to add some worthy steps forward. The question is: Whence can they muster the passion required to act so, the passion—in German military science, the *Entschlossenheit*—needed to rescue themselves from the new dark age inhering in their present condition of great folly?

How often people say, “I see your point. You may be right; but, I have to go along with . . .” That is precisely the way in which the potential of the U.S.A. for a future as a nation is being destroyed by most of its citizens at this moment, such as those who argue, “Nonetheless, I have to be practical. I have to support Gore, even if that means holding my nose while doing so.” Those citizens, do not wish to be malicious, but they make themselves malicious in effect, like Shakespeare’s Hamlet, when they lack the passion to save their nation and themselves from the danger which is so clearly looming before us all. They lack that quality of passion, by means of which the greatest minds of Europe’s Fifteenth Century pulled a great Renaissance out of the rubble-heap left by the Fourteenth Century’s New Dark Age.

It is precisely in this current connection, that the New Testament image of Christ in Gethsemane, should be recalled to mind. For Christians, over nearly 2,000 years, the essence of their sense of personal connection to Christ is best summarized in the sections of the New Testament bearing upon the matter of Christ’s passion in Gethsemane. The core of this matter of the crucified Christ, is presented in the Gospel of John, in Chapter 12: 23–40, echoing Matthew Chapter 17: 21–23. Here, from his reading of these sections of the Gospels, Johann Sebastian Bach crafted those great services known as his Passions of St. John and St. Matthew.

Hear those Bach passions, as if they were heard in the mode Bach himself directed their performance. Sit among the congregation, in the church where Bach conducted. Hear the score as Bach intended it be performed, not as merely a spectator’s amusement, but as a great Socratic musical dialogue among the composer, the soloists, the chorus, and the responsive assembled congregation. Here, in this passion of Christ so re-enacted, is echoed that essential passion of Christianity, upon which all of the fundamental achievements of modern European civilization have depended for their effective motivation.

With those Bach passions echoing in one’s mind, witness the Christians dying in Nero’s arena, under the descending thumb of Roman popular opinion. Here, so, sense the passion which has protected the idea of Christianity from the deadening fist of today’s doctrinaire pedantry and enthusiastic pulpit pornographers alike, and supplied to Christians that passion—again, *Entschlossenheit*—without which neither the Fifteenth-Century Renaissance, that Renaissance’s launching of modern experimental science, nor all other benefits of modern European civilization, could have occurred.

In studying more closely the long waves and shorter intervals of moral and intellectual depravity, which have seized

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26. In German, this is called *Entschlossenheit*.



*Performance of Bach's St. John Passion by the Schiller Institute in Ampfing, Germany, 1998. "Here, in this passion of Christ so re-enacted, is echoed that essential passion of Christianity, upon which all of the fundamental achievements of modern European civilization have depended for their effective motivation."*

the U.S.A. during the sweep of the period since the assassination of McKinley, and, also the recent three decades slide into a moral and intellectual morass, we recognize that the greatest injury was done by the temptations of degraded forms of pleasure-seeking, especially popular entertainment of that sort.

The essential feature of such degradation, is best typified by examining the influence of the circles of such moral degenerates as Bertrand Russell and the circles of existentialists typified by the so-called "Frankfurt School" of Theodor Adorno and Hannah Arendt, et al., as from the same existentialist standpoint by Arendt's intimate, that follower of satanic Nietzsche, the Nazi Martin Heidegger. These fellows focused upon denying the notion of existence of truthfulness, and thus drove their duped victims into a flight into the immorality of amoral pragmatist reliance upon the passions associated with sense-certainty. Thus, has our promising modern European civilization once again slid into the depravity which is the legacy of pagan Rome. This, and what it typifies, is our enemy from within.

Just so, until about thirty-five years ago, Christian civilization was greatly corrupted from two principal sources. One, was the infantile and related moral and intellectual poverty of the people and their culture, generally speaking. The second, was the role of the wealthy oligarchical family circles, whose instinct was to degrade the people generally into the semblance of brutish human cattle, by aid of vulgar, bordello-like, and Roman-arena-like public sports-entertainments, and kindred forms of popular entertainment, as a way of ruling over them; to the latter purpose, like the pagan oligarchy of

ancient Rome before them, they transformed those they would keep as human cattle into pleasure-ridden spectators of degraded entertainments, including great public spectacles like those of "Hollywood" and the sports spectacles today, and the pagan Roman arena earlier. It was chiefly the influence—including the financial, so-called charitable contributions—of the simony practiced by such wealthy oligarchically inclined rentier-financier families, which has been the chief instrument thrusting corruption, in such forms as modern existentialism, into the Christian churches. This phenomenon has been especially notable since the mid-1960s.

If the poor will not rally to support their own causes, the rich will cheaply buy the souls of the poor and oppressed.

During the recent three and a half decades, since the 1962 missiles crisis and the assassination of President John F. Kennedy, the moral level of the general population has been degraded to a level approximately as bad as that during the 1618-1648 Thirty Years War, and the notorious depravity which seized both the rulers and general population of Walpole's England. It is the new wave of cultural depravity into which the post-Franklin Roosevelt U.S.A. has sunk, most dramatically since the aftermath of the assassination of President John F. Kennedy, which has carried the U.S.A. over the line, from the earlier risk of simply a new Great Depression, into the present, culturally determined likelihood of imminent descent into a new dark age. The clearest symptom of the impact of the post-Kennedy countercultural revolution, is the depravity which has, to such a large degree, variously taken over churches, or simply depopulated the parish pews.

It is the loss of morally elevated, Classical-artistic qualities of passion, creating a vacuum filled by the depravities of pedantry and hedonism, which made the Twentieth Century a nightmare. It is the unleashing of a combination of radical positivism and outrightly satanic existentialism, like that of Adorno, Arendt, Heidegger, Heidegger's clone Jean-Paul Sartre, and Sartre's satanic clone Frantz Fanon, which typifies the pure evil which has dominated the process of internal decay of globally extended European civilization, and of the churches and synagogues within them, during the recent thirty-five years.

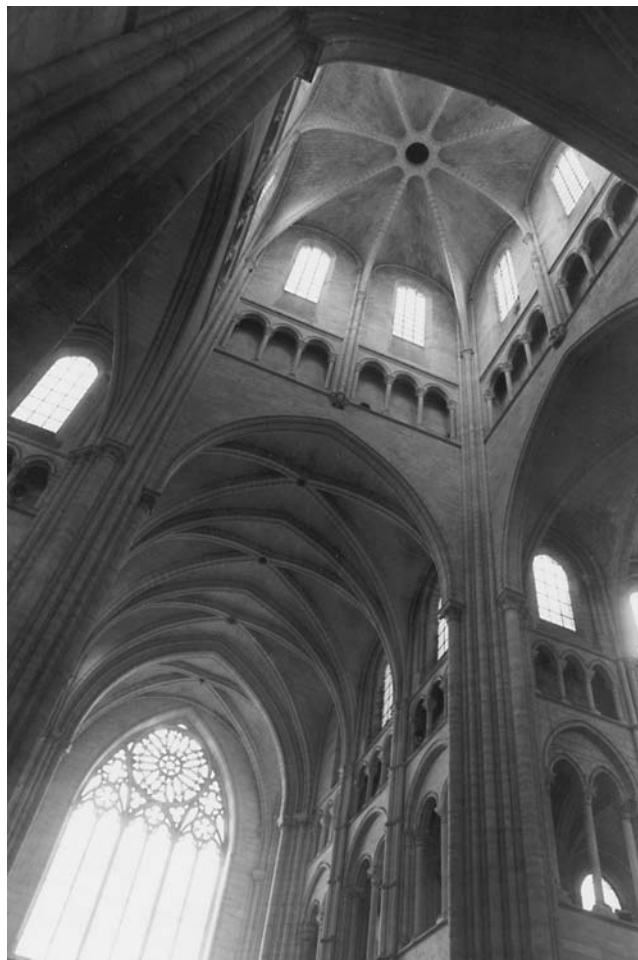
With the immediate aftermath of the death of a kind of Solon of that century, President Franklin Roosevelt, the citizens of the U.S.A. began to degenerate morally, rather rapidly, as Solon's poem addresses the decadence of those people of Athens whom he had led in rescuing earlier. The pragmatism of the myths of "White Collar" and "The Organization Man" reflected the rotting out of the morals of the new suburbanites of the 1950s. This, in turn, fostered that eruption of moral indifferentism which characterized the post-Kennedy rock-drug-sex counterculture, leading to a satanic defense of arbitrary values and mere opinion against any threatened encroachment from truth. Without a passion for truth, nothing is likely to lure the doomed out of the damned Cities of the Plain. Even the most enthusiastic Christian hypocrites of this time are really no better; it is their bank accounts and pleasures which these corrupt hedonists of those churches wish God to heal, not their souls, not their civilization.

Thus, I have summarized the case in which the mystery of Christ is to be situated, and understood, not only among Christians, but within the setting of the great dialogue of cultures which the honorable President of Iran has described.

## The Golden Renaissance

The Fifteenth-Century Renaissance was the birth of modern European civilization, and the expression of the noblest among the embattled forces which, ever since, have contested control over the field which has been that civilization. In modern European civilization since, we find nothing of crucial importance during the recent half-millennium, which is both good and novel, which is not derived from that Renaissance. Everything of significance which occurred within European civilization later, which was antagonistic to the fruits of that Renaissance's Christian form of Classical Greek culture, has been a contribution to what is to be fairly described today, without exaggeration, as the Devil's own work.

To grasp the circumstances under which this Fifteenth-Century renewal of Christianity in Europe occurred, we must look back to the time of the Hohenstaufen Emperor Frederick II, and examine, in that light, the subsequent relative depravity into which European civilization was degraded through the Venice-directed, oligarchical Guelph League's wars. The essential motive for those wars, was the perpetuation of the globalized form of the feudal system, against, initially, Fred-



*The Cathedral of Laon in France. The Venice-directed oligarchical Guelph League's wars were aimed against "the entirety of that upsurge of Europe traced from Alcuin and Charlemagne, through the period of the building of the great cathedrals in the Augustinian spirit displayed at Chartres."*

erick, but also, from the start, against the entirety of that upsurge of Europe traced from Alcuin and Charlemagne, through the period of the building of the great cathedrals in the Augustinian spirit displayed at Chartres.<sup>27</sup>

During that period of more than a hundred years following the same period as the German defeat of the Mongol invasion,

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27. With Venice's successful deployment of yet another crusade, the Fourth Crusade (A.D. 1202-1204), this time to establish the Latin kingdom, and the virtually simultaneous onset of the Mongol invasions of western Europe, the Republic of Venice emerged as the de facto dominant imperial power in the Mediterranean region, an imperial position it maintained until the close of the Seventeenth Century. During the course of the Sixteenth and Seventeenth centuries, Venice established a strong foothold at the court of Henry VIII, and, later, consolidated its grip on the English monarchy, through the agents of Paolo Sarpi. William of Orange typifies the takeover of both the Netherlands and the British Isles by Venetian rentier-financier interests during the interval 1688-1714, the process of takeover which concluded with the War of the Spanish Succession and the accession of George I to the newly established British monarchy of the United Kingdom.

at Wahlstatt, in 1241, through the period of the Black Death pandemic in western Europe, the Guelph League's depredations reduced the numbers of parishes and level of population by approximately one-half. The hundred-odd years between the launching of those Guelph League wars and the consequent mid-Fourteenth-Century New Dark Age, identify the barest essentials of the moral and physical self-degradation from which the Fifteenth-Century Renaissance uplifted Europe.

The policies of the Guelph League, were paralleled, later, by the methods deployed by Venice, from the beginning of the Sixteenth Century, to attempt to ruin the benefits of the Golden Renaissance.

The flood tide of that Renaissance was typified by Cosimo de Medici's, George Gemistos' (Plethon's), and Filippo Brunelleschi's Florence, by the great ecumenical Council of Florence, by the influence of Nicholas of Cusa, and by the successive steps of actually establishing the modern form of sovereign nation-state, by France's Louis XI and England's Henry VII. The alliance of Leonardo's friends in Italy and France, the discovery of America, and cooperation among Spain and England during the times of Spain's Queen Isabella and England's Henry VII, typified the beneficial new order coming into being as part of this Renaissance.

In the wake of the betrayal and defeat of the anti-Venice coalition, the League of Cambrai, and in Spain's going over then to the side of the enemies of the Renaissance, Venice successfully created a great religious schism, put England and Spain at one another's throats, established the corruption which was the reign of France's Henry II, and drowned Europe in religious war for most of the interval of that new dark age, 1513-1648: from the consolidation of Venice's victory over the League of Cambrai, until the 1648 Treaty of Westphalia. All this was a bloody warfare, orchestrated by Venice's financier oligarchy, against both the Renaissance in general and the institution of the modern European form of sovereign nation-state in particular.

Thus, following the defeat of the League of Cambrai, the alliance among France, Spain, and England was not only ruined, but transformed into the warfare which dominated most of European history during a period dated from the beginning of the Sixteenth-Century religious wars through the 1714 conclusion of the War of the Spanish Succession. Europe today bleeds still, from the chain-reaction reverberations of the treachery which enabled Venice's defeat of the League of Cambrai.

There exists no tolerable excuse for the Guelph League, as there was none for the later launching of Europe's religious wars of 1618-1648, and no tolerable excuse for the criminals who acted to prevent Wallenstein from reaching the peace-agreement which would have brought that unjustified war to a close. There is no tolerable excuse for the conduct of the adversaries of Frederick II, and no imaginable, actually Christian excuse for the conduct of Spain's Philip II et al. in launching the Netherlands wars, or the criminal intervention of the

Spanish house against Wallenstein's effort to end the useless butchery. These wars of 1513-1648, belong to a period which has been rightly described as "a little dark age," a period of Venice-orchestrated religious wars, echoing motives virtually identical to those of the Venice-directed Guelph League earlier.

In the instance of such follies as these, like the outcome of the recent, protracted U.S. War in Indo-China, there is crucial evidence embedded within the quality of the result itself, which attests conclusively to the depraved quality of the deed, and of the policy which brought about such an effect. In those referenced cases, the apology for the protracted war is perhaps an even greater crime, with effects continued even to the present day, than the protracted war itself. An evil war occurs, but apologies for that evil, like the version of "cabinet warfare" doctrine of Hobbesian perpetual warfare, which infects deranged and decadent, British-influenced U.S. military officers and others today, infects the future with yet more, perhaps even worse evil than it has either the past or the present. Over the course of known history to date, such apologies are most common among the doctrines which pre-shape and usher in a new dark age of humanity.

Under the continued policies of the Venice-directed Guelph League, over what had been more than a hundred years, European civilization had been not only gutted, but morally and demographically degraded by Guelph triumphs, thus reaching a depraved moral and physical condition of Europe, with physical conditions far worse than that which had existed at the start. For such actions, such as the policies which launched and, worse, perpetuated the 1618-1648 war, no apology is morally or theologically tolerable. Indeed, in the latter case, no solution was possible, but that adopted as the Treaty of Westphalia: to wipe the slate clean of the grievances and other follies raised and perpetrated from each of all sides. The same is to be said of the intrinsic moral depravity of the perverse collusion between that intrinsically depraved pair, Britain's neo-Thatcherite Tony Blair and self-avowed H.G. Wells acolyte Secretary Albright, in launching and extending, to the present day, the so-called NATO war against Yugoslavia, or the, similarly, continued bombing of Iraq.

Fortunately, it had been against such a background, that, during the late Fourteenth Century, forces emerged in Europe, as in that plague-stricken Florence which had been formerly a bastion of the doomed Lombard bankers of the early Fourteenth Century, a new movement, exploiting the self-weakened condition of Venice and its accomplices, to launch what became the Golden Renaissance.

The crucial thread of continuity, from Dante Alighieri, through Petrarch, into the Golden Renaissance, is a key bench-mark for understanding what happened. Crucial, is the work of Dante in setting the cornerstones for both a Classical transformation of popular national languages and culture, and the establishment of a system of sovereign nation-state republics conceived in the same spirit as Dante's efforts to elevate

the popular language to a quality suited to the work of cognition.

It was the cultural shock, and the accompanying discrediting of the policies of the Guelph League, a discrediting produced by the New Dark Age, which created the opening into which the organizers of the Golden Renaissance deployed. Typical were the great teaching order, the Brothers of the Common Life (later suppressed by the pro-Venice, anti-Renaissance faction of the mid-Sixteenth Century), and the establishment of the great Greek Classical revival, at Padua, at the beginning of the Fifteenth Century. The latter was the Classical Greek revival which produced the leading intellectual forces of the Renaissance, as typified by Cardinal Nicholas of Cusa and his friends. The former, the Brothers of the Common Life of Thomas à Kempis, represent the teaching method which produced numbers of the greatest leaders of the Renaissance, as typified by figures in the range of Cusa and Erasmus of Rotterdam.

The essence of the Renaissance is typified by two works of the young Cusa, his *Concordantia Catholica*, upon which the conception of the modern sovereign form of nation-state depended, and his founding of modern European experimental science, his *De Docta Ignorantia*. These two publications, with the great ecumenical Council of Florence which Cusa did much to organize, situated amid them, typify that Renaissance as a whole. The former book, the *Concordantia Catholica*, supplied the argument upon which that century's founding of the first two modern nation-states were premised. The second, *De Docta Ignorantia*, founded the modern experimental physical science of Leonardo da Vinci, Johannes Kepler, Gottfried Leibniz, Carl Gauss, and Bernhard Riemann. It was the confluence of these two new institutions, the use of Classical Greek principles of artistic composition for creating the modern sovereign nation-state, and the fostering of science-driven progress in the productive powers of labor per capita and per square kilometer, which is the distinguishing essence of the revolutionary successes of globally extended modern European civilization.

It is, conversely, the abandoning of the functional interdependency of those two principles, under the corrosive influences of the unfortunate Vice-President Al Gore's pro-paganist cults of globalization and "ecology," which has done the most, during the recent several decades, to engender the spiral of the currently ongoing physical-economic collapse of Europe and the Americas.

The colonization of the Americas, the development of modern science by the successive work of Luca Pacioli, Leonardo da Vinci, and Johannes Kepler, and the revolution in Classical artistic composition once led by Leonardo and his followers, typify this Renaissance, as do the successive political revolutions by France's Louis XI and England's Henry VII, in their establishing the pioneer forms of the modern sovereign nation-state.

The makers of the Renaissance had a passion for truth, and a passion for that knowledge needed to find the pathway

to its realization. The public figures who led the Venice-led, Sixteenth-Century anti-Renaissance, recognized any public zeal for seeking truth, as a threat to the systems of their financier-oligarchy and its feudal-aristocratic sponsors and paymasters. These corrupt adversaries of the Renaissance, devised sophistries in the forms of mixed myth, outright lies, terrorist methods of tyranny, and deductive fallacies of composition — or, what is called today "spin" — to craft the political and religious doctrines by aid of which the devastating religious wars of the 1513-1648 dark-age interval were promoted.

Otherwise, that stated as a matter of identifying relevant historical connections, I have written so much, so often, on the topics of the Golden Renaissance during the recent thirty years, that I should not find myself obliged to outline the leading features of that history in detail, again, here. The preceding, and a few now added, most crucial highlights suffice.

The central institutional feature of the Golden Renaissance, is that it has been the greatest political revolution in the known existence of mankind, the introduction of the principle of the modern European form of sovereign nation-state.

This Renaissance, when considered as a model political revolution, considered in all of its characteristic features, is the third great revolutionary development in the entire history of globally extended European civilization. *For the first time in all presently known human existence, the entirety of the population of a nation was raised from the status of virtual human cattle, to a political condition, which, in principle, if not always in practice, is consistent with the Christian principle, that all persons are made equally in the image of the Creator, and that the efficient promotion of the general welfare of each and all of those people, and their posterity, is the sole basis for the legitimacy of government.* For that reason, the Renaissance notion of the perfectly sovereign nation-state, has been the dividing line between good and evil, both in and outside the churches, ever since.

Without the revolutionary change in religious belief, created by Christ, and spread by the Christian Apostles and the martyrs, the creation of the modern sovereign form of nation-state would not have been possible. It was the passion embedded in Christianity which moved, and was unleashed by the Golden Renaissance.

Three principal elements combined to account for the possibility of this Renaissance.

First, the old, collapsed order was discredited, as the system of "free trade" and "globalization" is soon to become an object of both hatred and contempt, world wide, very soon now.

Second, there existed a kernel of new leadership qualified to inspire a growing number of others in a renaissance premised upon the Christian heritage of the Greek Classic.

Third, the principal qualification of those leaders of the Renaissance, was a relevant passion for cognition, as preferred over the relative sterility of deductive method, as Cardinal Nicholas of Cusa typifies those so affected and prepared, by cognitive labor, for their role.

It were sufficient for our purposes in this report, to focus discussion of the Renaissance itself upon those three elements.

To appreciate the roots of that Renaissance, we must take into account the continuing fact, that the curse of medieval and modern European civilization, to the present day, has been the legacy of the Roman Empire and its bestial doctrine of *vox populi* (e.g., “popular opinion,” “established customs,” “popular tastes,” “popular fashions,” “popular entertainment”). This is the evil of the pagan Latin-speaking legacy, as the case against it was documented by Augustine.

In the history of European feudalism, the specific form in which this Roman imperial legacy persisted, was, most notably, both the influence of the zero-population-growth practice prescribed by the Code of Diocletian, and the continued imposition of that Code by the Byzantine enemies of Alcuin and Charlemagne.<sup>28</sup> Thus, despite liberators such as Charlemagne, and successors of Charlemagne such as the Emperor Frederick II, the feudal notion of “rule of law,” has remained, to this day, that decadent oligarchical perversion of the lately discredited U.S. Republican Representative Henry Hyde, or the brutish Magna Carta, the rule of feudal law, rule by globalization, by the legacy of imperial law, traced from old Babylon through the Code of the Emperor Diocletian. That notion of an axiomatically irrational system of “rule of law,” is the evil which we must act in concert to destroy, if the world is not to fall into a great new, planet-wide dark age, that of a duration of several decades or even much longer.

As typified by the life of Abelard of Paris, the political form of the great struggle to establish forms of society efficiently committed to the principle of man made in the image of the Creator, was concentrated in the issue of education of the young, especially the education of orphans and children from the families of the lower social estates, notably boys from the urban populations. If nations are to rule themselves according to natural law, rather than fall into the immoral corruption of mere custom (e.g., “tradition”) as such, where shall we find the rulers qualified to perform that function, and the general population to consent to and support such a political and social order? This is not possible in a nation such as the early English society depicted, allegorically, by Jonathan Swift: a nation of *Houyhnhnms* and *Yahoos*, such as the popular-entertainment-ruined U.S.A. is becoming today.

All of the great religious teaching orders, the Augustini-

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28. Typical of that Byzantine corruption is the pro-oligarchical hoax known as “The Donation of Constantine.”

ans and others, like the Brothers of the Common Life, centered their work in this mission. In the most relevant cases, as Abelard’s battle against unreason typifies this issue, the crucial point in educational policy, was that the young should not bend in blind obedience to the instruction issued from the teacher, but should re-experience the discovery and validation of those demonstrably truthful ideas which converged most nearly upon universal principles. In brief, the issue was that of choosing between defending “What I have been taught to say,” and being qualified to state and defend ideas which one has discovered, and validated afresh, through acts of cognition, rather than learning.

Only one who has rejected such rule by mere learning, actually knows anything. This method for development of actual knowledge, truthful knowledge, is Socratic method; it is the method of *docta ignorantia* which Luca Pacioli, Leonardo da Vinci, and Johannes Kepler, among others, adopted from the work of the intellectual founder of both the modern nation-state and experimental physical science, Cardinal Nicholas of Cusa. It is the method of the physical science upon which modern civilization’s avoidance of a new dark age depends without exception; it is the Socratic method upon which we depend absolutely for those Classical principles of artistic composition, without which effective cooperation in the discovery and application of universal physical principles were not possible.

It was the assembly of a cadre of such leaders, typified by the case of Nicholas of Cusa, their devotion to the Socratic method, and their passion for bringing into being a form of society consistent with the individual made in the living, cognitive image of the Creator, which made the achievements of the Renaissance possible. It was the condition of crisis produced by the preceding New Dark Age, which presented to that cadre the opportunity to undertake such a magnificent work. So, in times of greatest crisis for humanity, prayers may thus be answered: and prayers in the form of “God help me to do my duty,” may be decisive in mustering the will of the believer to bring about the answer to those prayers.

## The Ecumenical Principle

On condition that the representatives of Christian civilization rid themselves of the corruption which I have summarily identified here so far, the Christian will, and must evangelize accordingly, otherwise he is not honest with himself or herself. If he is not honest with himself in such matters, why should anyone else trust his good intentions? Thus, the expression of a certain truthful quality of Socratic, cognitive, not deductive, passion for what he or she believes, on that account, may not guarantee the success of an attempted ecumenical dialogue, but these Socratic qualities are indispensable for even the mere possibility of success.

Nothing is more abominable in an attempted ecumenical dialogue, than that representatives of differing faiths pollute the attempt in such ways, as putting themselves through the

degrading spectacle of purporting to negotiate a plea-bargain respecting their differences, from the vantage-point of mere "sensitivity to the feelings of one another." Such immoral plea-bargaining, with disregard for essential issues of moral principle, was the cause for the failure of the recently attempted Camp David negotiations.

Nothing offends me more on this account, and justly so, than that most morally degraded of all moralists, the one whose expressed commitments are not to truth, but, rather, to affecting sensitivity toward the "feelings" of others and requiring that the other should do similarly, in return. "If you say that, you will hurt my feelings," has no legitimate right to prompt me not to tell the truth as I know it, and am prepared to prove that my views on the point are truthful. To blame Chairman Arafat, that even publicly, for his failing to submit to the terms of a proposed plea bargain, may be lawyers' standard current practice of positive law, but it is all the more immoral for just that reason.

If the parties approach one another with the expressed view, that there is no truth, but only differing opinions, differing values, you must walk away quickly from that conversation. Without a commitment to find an existing truth *in a Socratic way*, common to all, there can never be an honest agreement.

For example, there are many persons today, who tell us that they believe that man is merely another animal, and that every imaginable sort of lower species has the same rights which might be claimed for a human being. There are even well-known supporters of the candidacy of Vice-President Al Gore, who insist that man is about to be scrapped by "Silicon Valley," in favor of a superior species, "thinking robots," so typified by silicon brains as also, presumably, by silicone breasts. Toward such morally debased opinions, toleration is neither required, nor allowed.

So, a dialogue among cultures must draw the line, banning certain sorts of both outrightly lunatic and obviously disgusting beliefs from the agenda. For a successful dialogue, there must be a search for unanimity on some provable universal principle, a principle of the sort which is demonstrably embedded in the nature of mankind's relationship to the universe in which we live. The nature of those latter principles should be clear from the relevant portions of the discussion within the preceding pages of this report. What we must agree upon, is a functional definition of the nature of man, as distinct from the lower living species, and of man as the only known species which is capable of increasing its power to exist, per capita and per square kilometer, in the universe.

As I have emphasized, a dialogue focussed upon the objective of that sort of definition, is axiomatically Socratic in form. For that reason, the functional characteristic of that dialogue is cognitive, rather than deductive or symbolic. It can not be deductive, since the implied purpose of the dialogue is to detect and eradicate axiomatic assumptions which both divide us and which are demonstrably false.

Those indispensable observations on moral principle stated, what should be the objectives of an ecumenical dialogue among cultures today?

The political purpose of an ecumenical dialogue among cultures, should be centrally defined as the attempt to reach a common definition of *natural law*. The function to be performed by adoption of such a definition, is to create a principled form of agreement on the subject of constituting *a community of principle thus constituted among a group of perfectly sovereign nation-states*.

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The most essential point of agreement to be reached, as an objective of the dialogue, should be agreement to three points: a) a stated conception of a common conception of the nature of man, as I have elaborated that definition afresh in the earlier portions of the present report; b) the definition of the nature of the perfect sovereignty of a sovereign nation-state; and, c) the implications of the principle, that no government has legitimate authority under natural law, except as it is efficiently committed to promote the general welfare of its own population and its posterity as a whole, and to fostering the same principle in the relation among sovereign states so defined.

Apart from those crucial points of needed agreement, everything else of importance should be put on the table, so to speak, and that as frankly, as rigorously, and as passionately as possible, even if agreement on such matters is not reached presently, or envisaged for the immediately foreseeable future. By agreeing to disagree, in such a fashion, we strengthen our agreement in principle, because we have understood one another, and one's relevant passions quite clearly. So, the great Moses Mendelssohn stated his adherence to the orthodox Mosaic heritage; so, it should be among Christian, Jew, Muslim, and others today.

## Wall St. Sacrificing Peru For Drug and Gun Traffic

by Gretchen Small

“The International Drug Trade Wants To Topple Fujimori,” Peru’s second-largest circulation magazine, *Gente*, proclaimed on the cover of its May 24, 2000 issue. The headline covered an interview with *EIR*’s Ibero-American editor, Dennis Small. Other Peruvian media carried similar interviews during the run-up to Peru’s second round vote for the Presidential elections, getting out to the Peruvian public *EIR*’s warning that, as Peru’s largest circulation afternoon tabloid, *Extra*, put it: “Those Who Have Handed Colombia Over on a Silver Platter, Want To Hand Over Peru.”

Over the following two months, *Gente* magazine would publish four interviews with *EIR*’s founder and contributing editor, then-Presidential candidate Lyndon LaRouche. LaRouche explained that Peru is under attack, because the imperial Anglo-American interests who run the global dope trade, “intend to liquidate the sovereignty of every nation-state as rapidly as possible,” and in South America, that means turning the area into a no-man’s-land of dope plantations and narco-terrorist armies, as Colombia has become today. These people hate President Alberto Fujimori and consider assassinating him, LaRouche told *Gente*, because he dares to defend his nation, “In a time like this, one must take a good strong position, do the right thing, have firm nerves, and stick it out.”

(In the pages below, we publish a fifth interview which LaRouche conceded to *Gente* on Sept. 28.)

Today, there are many, and not only inside Peru, who are remembering LaRouche’s warnings from earlier this year, as waves of crises sweep daily over Peru in the wake of President Fujimori’s Sept. 16 stunning announcement that due to overbearing force, he would not finish out his third term, but would

call new elections. Anyone attempting to assess the ongoing battle in, and over, Peru without factoring in LaRouche’s strategic intervention, will miss the boat.

### Peru’s Enemies Sit on Wall Street

LaRouche, after all, has been proven right, and those who dismissed his warnings as “exaggerated,” proven wrong. It is now out in the open that Wall Street will accept nothing less than the wholesale dismantling of the nationalist civic-military coalition which defeated narco-terrorism in Peru in the 1990s, and the prosecution and jailing—if not assassination—of those who led it. It is their intent that Peru be handed to the narco-terrorists, with all that means for the entirety of South America.

Faced with international ultimata backed up by financial warfare, the Fujimori government has already made significant concessions to foreign demands. The President agreed to step down; Vladimiro Montesinos, the man who set up and directed the National Intelligence Service (SIN), which played a pivotal role in allowing Peru to defeat the Shining Path and MRTA narco-terrorists with a minimum of bloodshed, has been sent into exile. The government has drawn up the legislation required to modify the Constitution, such that the new, extraordinary elections can proceed, probably in March of next year.

President Fujimori, however, has insisted on his right, and that of his collaborators, to organize a political movement throughout the country, with sufficient political muscle to defend the principles with which his government became identified over the years. As he put it in a speech at the celebra-



tion of Armed Forces Day on Sept. 24, that idea is that, “democracy, apart from a finger inked to vote, is the right to have potable water, a worthwhile education, health, but above all, peace, security, tranquility, which are the conditions to be able to work and progress.”

That, is precisely what Peru’s enemies are hell-bent on stopping. Wall Street’s premier mouthpiece, the *New York Times*, delivered the orders in a violent Sept. 19 editorial: “Fujimorismo,” with or without Fujimori, must be dismantled. The *New York Times* demanded Fujimori resign immediately, not ten months from now, and suggested that trials, including prosecution of President Fujimori himself, should follow thereafter.

“New elections should be held within weeks, supervised and monitored by the Organization of American States,” the *Times* wrote. “Opposition politicians in Peru face pressure to grant amnesty to Mr. Fujimori and his top officials,” but that “would only allow the rot inside Peru’s government and security forces to continue.” Again, in a Sept. 27 editorial, they insisted that Montesinos be tried by somebody, anybody—by Panama, if no other country will do it. Get him on charges of “torture, which any nation may do,” they demanded.

It may be dangerous, but it is very honorable to have earned the hatred of the *New York Times*. As detailed in the dossier included in this section, the *New York Times*, with its unbroken track record of evil, its Confederacy-loving racism, its hearty support for Adolf Hitler, its cover-up for an attempted assassination of Lyndon LaRouche in the 1970s, epitomizes how evil Peru’s enemies are.

## Why Target the SIN?

The President’s decision to dismantle the SIN and oust Montesinos produced the most serious cracks yet in the nationalist coalition which has governed Peru for a decade. Foreign powers had delivered the ultimatum that Montesinos had to go, in a deliberate strategy to drive a wedge between the President and the Army, the institution which knows that it is next on the chopping block, of those who seek to strip the country of its defenses against narco-terrorism.

The ultimatum was first delivered by that piggish agent of the Sir George Bush’s political machine esconsed at the State Department, Madeleine Albright, “surrogate sister” of the Condeleezza Rice who runs son George “Dubya” Bush’s foreign policy team. Albright delivered the “Montesinos must go” message when she met Fujimori in New York Sept. 8. It was reiterated by U.S. Ambassador to Peru John Hamilton on the night of Sept. 20. “It was inconceivable that foreign powers would allow him to stay on,” London’s *Financial Times* wrote drily on Sept. 21.

Other Bush assets—such as the notorious arms trafficker Sarkis Soghanalian (see p. 50)—have also been deployed to bring about Montesinos’s ouster.

But ousted is not enough, for this crew. Mirko Lauer, a much-cited Peruvian leftist commentator known to be linked to the U.S. Embassy in Lima, summed up the strategy in a Sept. 26 article in Peru’s most pro-terrorist national daily, *La República*. If the Montesinos case “has served as a way of dismantling Fujimori’s authoritarianism, could it also serve to ease the transition to an effective democratic stability?” he asked. The transition scenario “isn’t as clear-cut as we might like, it will take more crises before we can speak of some form of stabilization.”

Wall Street’s hired hands inside Peru have already drawn up hit-lists for those to be tried, headed by Fujimori, Montesinos, former Army Commander Gen. Nicolás Hermoza, and current Army Commander Gen. José Villanueva Ruesta.

The jail cells now occupied by narco-terrorist killers, are to be emptied to make room for those who saved Peru. A Washington-based journalist asked Inter-American Dialogue President Peter Hakim on Sept. 19 what he thought of calls “to free some of the political prisoners, Shining Path, and so forth. Do you think that would take place under a new government?” Hakim’s answer was straightforward: yes. “I think there will be a *lot* of changes, depending, of course, on who the new government is. My guess is, that, yes, there will be a review. . . . A transition from authoritarian governments in other countries in Latin America almost invariably led to a whole series of new trials and what-have-you,” he replied glibly.

## Other Nations Threatened

The Fujimori government was not brought down after the May second round of elections, largely because other countries in Ibero-America, led by Brazil and Mexico, refused to go along with the State Department-led OAS project, on grounds that the principle of national sovereignty must be defended. This time, the message has gone out throughout the continent, that no one is to interfere with “Operation Overthrow Fujimori.” With the incoming Vicente Fox government of Mexico deeply committed to Wall Street’s globalization project, pressure has been concentrated on the government of Fernando Henrique Cardoso in Brazil, to not get in the way.

As of this writing, Brazil has gone along with this demand, despite the consequences for its own security. If the Fujimori-military coalition is shattered in Peru, the country will fall to Wall Street’s narco crowd. Neighboring Colombia is increasingly under de facto control of the narco-terrorist Revolutionary Armed Forces of Colombia (FARC), and they are supported by Hugo Chávez’s government in Venezuela. And the stability of the Bolivian government of Hugo Bánzer is being put in serious jeopardy by armed, protesting coca growers.

Will Brazil survive such a sweep of South America by armed narco-terrorism? And will the United States?

# LaRouche: Wall Street Is Out To Crush Peru by Every Imaginable Method

*On Sept. 28, former U.S. Presidential candidate Lyndon LaRouche gave the following telephone interview to Gente magazine of Lima, Peru.*

**Q:** My first question is with regard to the current conjuncture that Peru is living through. From your standpoint, what is really happening right now?

**LaRouche:** Well, what is happening is that Peru is caught in a storm, which is not caused by anything which has happened in Peru as such. The general problem is that we have two—as an American, I think I’m free to say this—that we have two idiots as front-runners for President of the United States. One of them, George Bush, is a part of the Bush family, which is a dedicated personal enemy of Bill Clinton, the present President. And the other one, Gore, is a different kind of an idiot, but Clinton is doing everything to try to save Gore’s Presidential campaign, in order to protect himself from Bush becoming President. And, to be fair, there’s nothing paranoid about the President’s belief that, if Bush were to capture the Presidency, that Clinton’s freedom, and possibly his life, would be in danger. The Bush family has a personal vendetta against Clinton, going back to 1992.

So, under these circumstances, Clinton and the U.S. government, and Wall Street, are agreed to do anything possible to try to postpone a global financial crisis until after the election. Now, one of the policies they’re aiming at, is to eliminate the existence of the sovereign nation-state throughout the world. For the Americas, their policy is to have a liberalized drug policy, and to absorb all of South and Central America into an enlarged NAFTA [North American Free Trade Agreement] organization, together with the British monarchy.

So, for various reasons, as you know, in the recent period prior to the Mexican elections, Mexico, Peru, and Brazil were the three countries which were key to the defense of the sovereignty of the states of the Americas, in the face of this super-NAFTA program. So, at this point, Mexico is not eliminated, but in Mexico, of course, the situation has changed, and the intent of the crowd of Wall Street and London is to destroy Peru today, and Brazil the day after.

This hysteria is motivated by the fact that the entire world financial system is now in a process of collapse. They know that they can’t do anything about it, but they’re insane. It’s like an empire which is about to lose its power, like Belshazzar

on the day before the fall of Babylon. It’s one of the most unusual periods in history, where this kind of thing happens.

Now, at the same time, outside the Americas, there is tremendous resistance to this Anglo-American policy, from continental Europe and Eurasia. The case of Malaysia is a good example. But you also saw recently, in the crisis of this past Friday, that the entire international financial system almost went belly-up. It was only saved by an emergency agreement. The next blow will come soon. We don’t know when, but soon. In the meantime, Europe, Japan, and Asia are moving away from the United States, discreetly, and the atmosphere in Washington and in New York is absolutely hysterical. And this is a kind of mood which occurs when an empire is on the verge of collapse.

So, in this circumstance, you have tremendous pressure, where the United States is pushing the pro-drug-trafficking crowd throughout the continent. Although President Clinton is against drug trafficking, Gore and Bush are not; they are both for drug trafficking. At least, Bush’s father was very much involved in drug trafficking.

So, we see the attempt to crush Peru by every imaginable method, including [former State Department official] Luigi Einaudi’s method, and this is the kind of situation in which Peru finds itself at this time. It’s a very dangerous situation, and they’re going to try to play one force in Peru against the other, which is, of course, what Luigi Einaudi has done for decades. For three decades, Einaudi has been playing this game against Peru. So we’re seeing another game, of trying to play a military faction against a military faction, and then the use of the pro-drug-lobby organization. Like [Assistant Secretary of State Harold] Koh, who is saying to the Peruvian government: “Die!” And when the Peruvian government says, “We’ll have a new election,” they say, “Die today! Don’t wait until next year.”

And this is one of those moments in history which tests the will and ability of nations to survive. And actually, my sympathy is with the sovereignty of Peru, because the nation has the right to survive and it is in our interest that it survive.

**Q:** It’s undeniable that Peru’s image abroad has significantly deteriorated recently, with the circulation of a videotape where Mr. Montesinos is seen handing a wad of money over to a congressman. What are the possible repercussions that

this can have with foreign public opinion?

**LaRouche:** Well, this kind of thing is typical of dirty tricks run by intelligence agencies. There were obviously channels in Peru which were being used, traditional U.S. asset channels, which pulled this rabbit out of a hat. From an intelligence standpoint, I would say there are various interpretations which could be put upon the reality behind the circulation of this tape.

Because the fellow who is involved prominently in supplying the arms involved in the related case in question, in the accusation against the intelligence service of Peru, is well-known to me as being part of the George Bush international Iran-Contra drug-trafficking and weapons-trafficking operations of the 1980s. Now, that belongs to a special aspect of the U.S. military side of the intelligence community, part of the intelligence community that Bush was in charge of back in the 1980s, which I've exposed internationally, as others have. Therefore, the operation is the operation of that group. The author of the weapons trafficking, in this case, is an organization which is associated with Colombian cocaine- and weapons-trafficking.

Now, in the complications of intelligence and counterintelligence, this kind of story that I heard was broadcast out of Peru, requires a lot of sorting out, to figure out who did what to whom. It might have been a counterintelligence operation against Sarkhis Soghanalian, which might have been run by the intelligence services of Peru. A different construction has been put on it, but from the standpoint of my expertise, the construction that's been put on it is not necessarily true. So, I see that this videotape, plus this story of Sarkhis Soghanalian's operation, is now being used to try to destabilize the entire nation of Peru.

We have a situation, for example in France right now, which is comparable. The customary method of party financing occurring in France in the 1980s, are customary methods practiced in every nation of Europe and in the United States, and in other countries, too. So this became a big scandal, with the sudden airing of a video of this happening back in the 1980s. All kinds of passions are being displayed in the press about this "terrible scandal." But now, suddenly, someone in France came to their senses, and came out and said, "Let's stop this nonsense. We're not going to sink the government of France, just for the sake of one of these fairy stories."

So, in the main, the charges against Peru as a nation are, from my reading, nothing but the typical fairy stories that are run whenever one government wants to destabilize another government. This is mild compared to what Henry Kissinger had Pinochet do in Chile a couple of decades ago. And I always wonder, what's the difference between what the emissaries of Kissinger to Chile did, during the height of the Pinochet coup, and what the emissaries such as Koh are doing to Peru today? For any of us who know the history of dirty operations of this type in the past several decades, what I'm

reading in the U.S. press about Peru, is typical of these kinds of imperial operations.

**Q:** Regarding what happened early this morning, Fujimori has travelled to Washington, presumably for a meeting with the members of the OAS [Organization of American States]. What does this really mean? Is it, perhaps, a sign of the Peruvian President's weakness?

**LaRouche:** I'm not sure exactly. I know what it means in terms of intention from Washington.

Look, you have this thing that happened in Colombia, the discovery of this road of the FARC leading toward Bogotá. The whole operation here, the operation against Peru, is focused on making Peru give up its anti-drug, anti-terrorist policy. The objective is to bring parts of Brazil, Ecuador, and Peru under the control of the same operation that controls the FARC in Colombia. And Peru is a small nation, relative to the United States and others.

So, the President of Peru is trying to deal with threatening monsters who are out to crush his country, and him too. If he loses the battle, what will happen to Peru will be what happened to Colombia, or worse. You will have the opening of the FARC-type cartel—terrorism and drug operations—moving into the Pacific directly through Peru and Ecuador, and tremendous pressure is obviously being put on Peru, at this time, to capitulate to this. I can see the situation of President Fujimori, that he's in a terrible situation. I cannot exactly assess what he's doing, but I can smell what's being done against him. He's trying to get these guys off his back, and I don't blame him.

The question is, can we save Peru from being taken over by this narco-trafficking interest, which certain people in the State Department represent. The Secretary of State and others are pro-drug trafficking. We know this, as we see in the fight between the State Department and [Office of National Drug Control Policy Director] Gen. [Barry] McCaffrey [ret.], in the United States. So, obviously, if President Fujimori loses the fight for the independence of Peru, then Peru will tend to be destroyed in the way Colombia is being destroyed. And Brazil, too, although perhaps more slowly.

**Q:** We know that President Fujimori has called elections for next year, in which he is not going to participate. Does this mean that the battle against the drug trade here in Peru has been lost?

**LaRouche:** No, it does not. I think the President is trying to say: "Okay, I'll sacrifice myself, but you're not going to destroy the institutions of Peru."

One of the problems here is that Peru is now going to be hit very hard by the escalating price of petroleum. And this, of course, will hit very hard on certain economically vulnerable parts of the economy. You can see what's happening in Europe with the truckers' strike and the rest, who are protesting

this. So, in the fight for the sovereign institutions of Peru, you have not only the external political efforts to destabilize and subvert Peru, but you also have this zooming price of petroleum, which also puts a factor of potential political instability in a very vulnerable period.

**Q:** Finally, given the situation in Peru, what concept, what view of the future can you point to? How do future prospects look?

**LaRouche:** Well, I think in general that we have to look at this from a global strategic viewpoint. We're on the edge of the greatest financial collapse in all modern history. It could have broken out on Friday. There were many things coming together on Friday which threatened to start a chain reaction, which could have sunk the U.S. dollar, and everything else.

Of course, President [Hugo] Chávez of Venezuela is not a personal friend of mine, but it's obvious that the efforts of the OPEC nations, particularly in the context of the recent Caracas conference, are useful to do what I proposed: Which is that there should be nation-to-nation agreements on petroleum, which would set a reasonable range of price. There are other issues of the same nature which are international, but which affect individual nations such as Peru.

So, we're on the edge of a situation which is like the outbreak of war. The danger is global, not local, not regional. As the crisis becomes worse—and it will become worse, rapidly—many people in Europe and elsewhere are already reacting the way the Roman General Fabian reacted to the threat of the Carthaginian occupation: to retreat when necessary, to maintain the integrity of the patriotic forces, and to prepare to defeat the enemy, the invader, at the point that the enemy's weakness overtakes him. Because very soon, perhaps within weeks, the greatest crisis in modern history will begin to erupt, openly. And those who are left standing, intact, when the crisis breaks out, will be in a fighting position. The nations which are standing with such forces, with such leadership, will have a chance then of surviving.

The main thing in a situation like this, is not to lose one's nerve. Not to hide in a foxhole, because someone may drop a hand grenade on you. And not to charge in desperate flight forward, because they'll shoot you down. I think the same spirit was expressed by the President and other forces, in dealing with the terrorist occupation of the Japanese ambassador's residence. I think this is the first line of defense of the nation at this point.

There must be no panic in a situation like this. I've seen a certain amount of panic being expressed in Peru, and I think that's the greatest danger to Peru, from the inside—this kind of panic.

**Q:** Thank you very much for your views, Mr. LaRouche, and we look forward to talking to you again.

**LaRouche:** Thank you, and best wishes.

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## Profile: Sarkis Soghanalian

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# Bush's Man Supplied Weapons to the FARC

by Dean Andromidas

At an Aug. 21 press conference, Peruvian President Alberto Fujimori, flanked by top officials including National Intelligence Service *éminence grise* Vladimiro Montesinos, announced that his government had just arrested members of a vast arms-for-drugs-trafficking network, which had supplied 10,000 Russian Kalashnikov AK-47 rifles to the Revolutionary Armed Forces of Colombia (FARC) narco-terrorists, by dropping them from the air to narco-terrorists waiting below in the jungles of Vichada, Colombia. As *EIR* detailed in its Sept. 8 issue, the network involved Peruvian and Colombian drug mafias, their FARC associates, the Russian mafia, and corrupt retired junior officers from the Peruvian Army; the weapons were purchased from the Jordanian military.

No agency, whether U.S., Colombian, Peruvian, or Jordanian, disputes the fact that 10,000 AK-47s were delivered to the FARC by this route, nor that more were in that same pipeline. Nor, that the FARC paid for them in cocaine. Here was indisputable evidence that the FARC militants are not preparing for peace, but are arming themselves with sophisticated weapons, in numbers which indicate that they are preparing to double, at minimum, their forces under arms.

Shortly thereafter, a crucial new piece of evidence was revealed: Sitting at the center of the ring, was a Lebanese-Armenian named Sarkis Soghanalian, one of the most famous arms dealers of the last three decades, a trafficker inextricably linked to the Bush family Iran-Contra apparatus at every step along the way.

In their depositions, the arrested Peruvians recounted how it was Soghanalian who had opened the doors for them with the Jordanian military; Soghanalian appears in photographs now in possession of Peruvian intelligence, which show the traffickers with Jordanian officials in Amman. His Amman-based "Atlantic Aerobatic KFT" company reportedly owned the Russian plane used for the four successful air drops to the FARC: a 60 ton capacity Ilyushin-76.

When a Peruvian judge issued arrest warrants for 25 members of the ring who were still at large on Sept. 6, Soghanalian was on the list, along with his son Garabet Soghanalian. Prosecutors were reported to be drawing up extradition papers for the pair.

All of this was duly reported in the Peruvian media; all of it was in the public record.

Yet, not a single word of Sarkis Soghanalian's involvement in the FARC supply ring has been reported in the major English-language media anywhere in the world. Instead, a different story is being told: We are asked to believe that responsibility for trafficking the weapons to the FARC lies at the door of the Fujimori regime itself, the one government in the Western Hemisphere distinguished by its very successful, hard-line policy of no deals with narco-terrorists. The ring was run, it is now averred, by Vladimiro Montesinos and the Peruvian military.

No proof has been provided for the charge. Read any of the "exposé" articles on Montesinos's purported connection closely, and the hired assassins of the press are discovered to have covered their legal behinds with ample use of the words "alleged," and "points to," rather than evidence.

The source of the press lies is Madeleine Albright's State Department. Journalists repeatedly cite the demand made in early September by U.S. Acting Assistant Secretary of State Peter Romero, that the Peruvian government must provide the answers, because one active-duty Peruvian general and one retired general are believed to be involved. This set of allegations — all of which studiously avoid the uncomfortable matter of Sarkis Soghanalian — have been a major bludgeon used to break up Peru's National Intelligence Service (SIN), drive Montesinos out of Peru, and bring the Fujimori government to the point of collapse.

### **A Hard-Core Bush Baby**

Sarkis Soghanalian, the one man who knows *all* of the dirty details about the arms to the FARC deal, is no stranger to the world of rogue intelligence operations, and illegal arms and drug trafficking. Throughout the 1980s, he was one of the world's leading "merchants of death," operating under the personal supervision of then-Vice President George Bush and British Prime Minister Margaret Thatcher, in a string of illegal covert arms deals that helped fuel regional wars in Central America and the Persian Gulf.

In fact, shortly after he migrated to the United States in the 1970s, Soghanalian began shipping Soviet bloc weapons to the Lebanese Falange, during the civil war in that country. Soghanalian worked directly for some of George Bush's closest allies within the clandestine department of the CIA in that Falange arms-running scheme: Theodore Shackley, Thomas Clines, and Felix Rodriguez.

All three men, along with Soghanalian, would play pivotal roles in the 1980s in the White House "secret parallel government" operations of Bush and his National Security Council underling, Lt. Col. Oliver North. Rodriguez personally reported to Donald Gregg, the chief national security aide to Bush, who was formally in charge of the Reagan Administration's clandestine wars in Central America, Africa, the Per-

sian Gulf, and Afghanistan, as head of the Special Situation Group (SSG).

From the moment the White House arms pipeline to the Nicaraguan Contras was established in the early 1980s, Soghanalian was part of the team. By his own admission, Soghanalian became one of the primary arms traffickers to Contra leader Eden Pastora, whose so-called "Southern Front" operations were awash in cocaine trafficking.

So deep was Soghanalian's involvement in the Bush League arms-for-drug dealings, that Bush used Soghanalian personally, to transport Adm. Dan Murphy and South Korean money-launderer Tongsun Park to Panama, for a showdown meeting with Gen. Manuel Noriega, to convince the Panamanian leader to keep his mouth shut about the Contra guns and drugs operations.

While the Central American guns-for-drugs scandal grabbed big headlines in the late 1980s, the far larger illegal arms operations of the period were directed into the Persian Gulf and Afghanistan. Soghanalian was a key player in the simultaneous clandestine arming of both belligerents Iran and Iraq, to assure that the first Persian Gulf war (1978-88) continued as long as possible. And here, Soghanalian's activities were directed by both George Bush and then-British Prime Minister Margaret Thatcher.

In just one well-documented case of clandestine arms deliveries to Iraq, at the height of the Iran-Iraq War, Soghanalian sold \$181 million in military hardware. Soghanalian's business partners in that arrangement were James Tully and Jack Brennan. Tully worked directly for Gen. Richard Secord, the head of the Bush-North Iran-Contra "Enterprise." Brennan, a former Marine Corps officer, would later serve as the director of administrative operations in the George Bush White House.

Soghanalian also functioned as the intermediary between Chilean arms manufacturer Carlos Cardoen and Margaret Thatcher, in a number of arms deals with Iraq during the war with Iran. In these efforts, Soghanalian worked directly with Mark Thatcher, the Prime Minister's son.

### **Busted and Jailed**

Soghanalian clearly knows where the corpses are hidden in George Bush's many closets. In 1992, when Bush was running for re-election, Soghanalian was prosecuted for — of all things — selling 103 Hughes helicopters to Iraq! He spent two years in jail, but was released, in return for his cooperation in breaking up a Lebanese network that was counterfeiting U.S. hundred-dollar bills.

Soghanalian, at that point, moved his primary arms business to France, but his son Garabet maintained the family's operations in Florida. In December 1999, Sarkis Soghanalian was arrested at Miami International Airport, on charges that he forged \$3.3 million in checks, drawn on Great Western Bank in California.

When the Peru indictments were handed down in August, Soghanalian was sitting in the Los Angeles Metropolitan Detention Center, still awaiting a bail hearing in the check-kiting case, which also implicated Russian mafia figures. Perhaps Soghanalian's knowledge of the Bush family's involvement in the underworld of illegal arms and drugs was considered a dangerous pre-election factor for "Dubya," and it was felt that he should be "put on ice" until after Nov. 7.

### The Peru Indictment

The move by President Fujimori to break-up the FARC arms-for-drugs pipeline changed all that. Now, Soghanalian is at the center of a major international scandal, in which he was the architect of yet another international illegal transaction, again providing arms to Colombian drug killers, in exchange for cocaine.

According to the Peruvian indictment, it was Sarkis and Garabet Soghanalian who arranged the arms purchases from the Jordanian government, procured the phony Peruvian end-user certificates, and provided the Ukrainian IL 76 cargo plane, which delivered the AK-47 rifles to drop zones deep in FARC territory inside Colombia.

Soghanalian's ties into Jordan dated back to his 1980s arms running to Iraq, under the direction of Bush and Thatcher. According to the Scott Inquiry into British involve-

ment in the Iran-Contra affair, during the decade of the 1980s, British arms sales to Jordan skyrocketed to \$500 million, as compared to \$70 million in sales in all of the 1970s. Much of this boost in weapons sales was, in fact, clandestine British sales to Iraq. Arms shipped to the Jordanian port of Aqaba were trucked into Iraq, to stoke the war with Iran.

The United States, too, played a role in the Jordan arms pipeline. In a Jan. 26, 1992 *New York Times* piece, Seymour Hersh wrote that the "U.S. secretly gave aid to Iraq early in its war against Iran," and "one of the major arms brokers was Sarkis Soghanalian, a Lebanese-born, Miami-based arms dealer who has been repeatedly linked in the last two decades to gun-running for the CIA."

In a recent interview with the left-wing Peruvian newspaper *La República*, Soghanalian identified Ricardo "Dino" Baldini, as the person who had introduced him to the Peruvian military officers who provided the phony end-user certificates. Baldini gained notoriety in 1998 as the "deep throat" who exposed NATO Secretary General Willi Claes and other officials of the Belgian Socialist Party, for taking kickbacks from Agusta Helicopters. At the time, Baldini was running Agusta's Brussels office. Agusta also figured prominently in all of the Bush-Thatcher secret illegal arms deals of the 1980s.

## The New York Times: A Century of Perfidy

by Anton Chaitkin

The *New York Times'* current favorable stance toward Peruvian terrorists, and against those who fought them, reflects the paper's role for over a century as the leading mouthpiece for Wall Street, in its campaign to destroy the nation-state. The current coverage echoes its earlier support for the terrorist Ku Klux Klan, and for the 1933 coup by Adolf Hitler.

### A British Asset

The *New York Times* became a British intelligence and British Crown propaganda channel in the 1870s and 1880s. The paper was then controlled by Leonard Jerome, a Wall Street speculator and political partner of Rothschild representative August Belmont. Jerome's daughter married the degenerate Tory schemer Randolph Churchill, and gave birth to Winston Churchill.

By the 1890s, the *Times* had fallen in circulation and influence, and had strayed from the Tory editorial line. London banking outlets in New York, led by J.P. Morgan, gave control of their paper to Adolph Ochs of Tennessee, whose descen-

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dants have kept ownership of the *Times* in the family ever since.

The British perhaps considered the Jewish Ochs an “honorary Aryan”: He was an Anglomaniac and white supremacy advocate, whose parents had intrigued with Confederate intelligence, the anti-Union copperheads, and the Masonic leaders running the Ku Klux Klan.

Between 1899 and 1903, Ochs’s *New York Times* was the main Northern paper calling for taking away the right to vote from Southern blacks. The *Times* called for changing the laws and constitutions of the Southern states to overturn the civil rights gains of the Civil War.

The *Times* became America’s leading pro-British paper, helping to create the climate for U.S. entry into World War I on Britain’s side. Ochs’s controller, the Morgan bank, was Britain’s official U.S. war agency. A big *Times* investor, the Dodge family, owned the Remington Arms Co., supplying a large part of that war’s weapons.

During the 1930s, white supremacist Adolph Ochs was a member of the pro-Nazi “Cliveden set” around Lady Astor. *Times* editorials and news stories promoted the Hitler regime as being under the responsible management of banker, Economics Minister Hjalmar Schacht, and praised the eugenics or “race-purification” movement. Adolph Ochs was a bitter opponent of the Franklin D. Roosevelt Administration.

Son-in-law Arthur Hays Sulzberger took over the paper in 1935 upon Ochs’s death. Arthur’s son Arthur Ochs “Punch” Sulzberger became publisher in 1963, taking a hard line on all labor leaders, and provoking a bitter newspaper strike.

From the 1920s onward, the *New York Times* has been the authoritative voice of the Wall Street financiers, in alliance with their British senior partners, much more so than the *Wall Street Journal*, with its strident so-called “conservative” line, or the *Washington Post*, a more recently developed outlet of the same circles.

## An Anti-Technology Tradition

Beginning in the 1960s, with the murder of the Kennedy brothers, the *Times* led the offensive to terminate America’s historical mission as the industrial developer of the world. The Ochs-Sulzberger family’s racist and pro-Nazi philosophy was poured into a new, liberal mold of the post-industrial society, and the swindle of the New Economy.

National sovereignty must be abolished, according to the *Times*. Underdeveloped countries must give up their dangerous ambition for high living standards. Progress is no more a human right; its place is taken by radical environmentalism, the right to die, homosexuality, and narcotics decriminalization.

When Lyndon LaRouche led international resistance to such a New Dark Age policy, the *Times*, in tandem with the FBI, ran a massive campaign of defamation against him, working for his elimination.

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## Documentation

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**Jan. 4, 1880:** Editorial, “Edison and the Skeptics,” attacks Thomas Edison’s electric light project as expensive, dangerous to the eyes, and a stock swindle:

“. . . There is an Edison Electric Light Company, and it has shares of stock in which there is a wild speculation. . . . [A] suspicion arises that much of the appearance of success may be factitious and intended for stock-jobbing uses.”

**Jan. 6, 1880:** An article claims the electric light cannot compete with gaslight, that 250,000 separate generators would be required to light New York City.

**Jan. 16, 1880:** An “investigative reporter” claims that some of Edison’s bulbs may be gas lamps in disguise. The *Times* goes on crusading against the electric light, as it will later do against nuclear power.

**July 25, 1901:** Editorial, “Election Reform in Tennessee,” argues that blacks must have their right to vote taken away, to protect bondholders and taxpayers:

“The forces which in most Southern States have culminated in a demand for a revision of State Constitutions [to eliminate negro suffrage] which the political managers could neither resist nor guide for their own purposes, and which have found their highest expressions in the conventions now revising the Constitutions of Alabama and Virginia, have begun to work in Tennessee. . . . The danger to be apprehended from [the negro] is due to the mercenary character of his vote, and the readiness with which, on the promise of immediate profit or ultimate advantage, he can be manipulated and brought into alliance with those who may . . . use him for purposes destructive of good government. . . .

“Thoughtful white citizens, who have recognized the far-reaching evils of [allowing blacks to vote] . . . have excused it on the grounds that . . . the federal constitution renders it impossible to disfranchise the negro directly. . . .

“In Tennessee, as in other states in which the negro is sufficiently numerous to make him politically dangerous, the means originally devised to render him politically insignificant . . . [are now threatened]. For example:

“The City of Chattanooga [the seat of the Ochs family business and influence] has a floating indebtedness of about \$60,000. . . . [T]he ring in control of the Board of Aldermen . . . wanted the . . . indebtedness liquidated by a bond issue . . . [to clear the way] for certain jobs. . . . [T]he taxpayers and property owners of the city were opposed to this method of paying the city’s debts so that more might be contracted. . . .

“[In order to get the negro vote] . . . part of the proceeds of the bond issue [were to] be expended in the construction of another negro grammar school, which was not needed at present. . . . The property owners and taxpayers of Chattanooga thus had it brought home to them . . . that the elimination of the taxpayer from a voice in the management of the

public business was imminent.

“. . . The issue . . . which is of national consequence . . . has helped to arouse the people of Tennessee to the dangers of tolerating dishonesty in the management of their elections. . . . Just such an object lesson . . . was needed to focalize [sic] the growing discontent of the intelligent citizens of Tennessee with a system which inevitably injures the whites without helping the blacks.”

**May 1, 1903:** Editorial, “The Alabama Decision,” approves the Alabama Supreme Court’s stripping of voting rights from blacks:

“It seems a monstrous denial of justice. . . . It is, nevertheless, the law, made so by the interpretation of the court, and it is well that the court has decided as it has. . . . The simple fact is that [after the Civil] war we undertook to do more than we could do with the regulation of the suffrage.”

**May 24, 1903:** Editorial, “Leaving the South Alone,” says that stripping blacks of the right to vote may be expedient and necessary, but unfit whites should also be stopped from voting.

**Dec. 10, 1903:** An editorial warns that Samuel Langley’s failed aircraft experiment means that airplane flying is a foolish idea. “We hope that Professor Langley will not put his substantial greatness as a scientist in further peril by continuing to waste his time, and the money involved, in further aircraft experiments. Life is short.” Seven days later, the Wright brothers make their maiden flight.

**Dec. 26, 1903:** A scornful report, not mentioning the Wright brothers, says that “inventors of a North Carolina box kite machine want the government to purchase it.”

**Oct. 2, 1904:** Editorial, “Bleached Africans”:

[T]he African for some reason is obstinately black. . . . He was the color of a garden beetle when he was bondman to Egypt’s earliest Kings and Queens thousands of years ago. . . . His line back to Ham, its founder, is like a streak of tar.” The *Times* wonders “whether his color can be changed in any way so that he may put off . . . the age-long token of his servitude . . . and come forth . . . shining in a complexion of alabaster.” The editorial concludes, that a real whitening of the negro is impossible.

**Aug. 23, 1932:** Favorable front-page coverage of the International Congress on Eugenics, calls it a “distinguished gathering of scientists from many parts of the world.” Henry Fairfield Osborne is featured, asserting that the world financial and political crisis comes from industrialization and overpopulation, giving jobs to those who are unfit to live. “The only permanent remedy is . . . birth selection. . . .”

**Feb. 18, 1933:** An editorial praises international bankers’ financial bailout of the new Hitler government. The *Times* warns that “any attempt to force immediate repayment of short-term loans would disrupt German finance. But the effect of their [the bankers’] action has been to strengthen the whole international situation at perhaps its weakest point.”

**June 4, 1933:** An article warns against trying to force Ger-

man firms to pay their debts in violation of the Hitler decree cutting down the payments: “Reports from New York that American holders of German bonds would resort to forced seizure of German property in the United States in the event of a default on service payments were deplored in American banking circles here on the ground that there would be no justification for resorting to such a procedure.”

**Oct. 15, 1933:** Review of Hitler’s *Mein Kampf*:

“Hitler is doing much for Germany, his unification of the Germans, his destruction of Communism, his training of the young, his creation of a Spartan State animated by patriotism, his curbing of parliamentary government, so unsuited to the German character; his protection of the right of private property are all good; and, after all, what the Germans do in their own territory is their own business, except for one thing—the persecution and practical expulsion of the Jews.”

**January and February 1974:** Articles defame Lyndon LaRouche, following a 1973 FBI campaign in concert with the FBI-manipulated Communist Party to (in the FBI head office’s words) “eliminate” LaRouche.

**July 23, 1979:** LaRouche’s investigators interview *Times* reporters Paul Montgomery and Howard Blum, secretly tape-recording them, at Charley O’s restaurant in New York City. Blum states that a proposed *Times* article is intended to start a government investigation of LaRouche and his associates, and he needs an “eye catcher.” Blum says, “The article does not have to be especially true. . . . A government investigation is what you and I want, isn’t it?” and, “while it might sound cynical, it is more important for the government that something appears in the *New York Times* than whether or not it is true.”

**Oct. 7 and 8, 1979:** Libel of LaRouche by Montgomery and Blum, and **Oct. 10, 1979** editorial, “The Cult of LaRouche.”

**Dec. 21, 1982:** An editorial attacks the artificial heart for prolonging “life beyond its natural span,” accusing doctors of “passion for the spotlight,” and excessive “zeal” in saving lives.

**Sept. 11, 1989:** An article says that cocaine is Colombia’s “most lucrative industry.” The country will go into a deep depression if there is a sudden halt to the drug trade, the article warns.

**Sept. 24, 1989:** Anthony Lewis’s column backs drug decriminalization, citing economist Milton Friedman and London commentators.

**Feb. 27, 1994:** The *Times* runs and endorses a manifesto by Colombian terrorist controller Gabriel García Márquez. As a graphic, the *Times* blows up the quote, “legalize drugs internationally.” Márquez demands “an international agreement” to establish “the various ways in which [narcotics] legalization can be administered.”

**July 5, 1992:** A column by editor Leslie Gelb says that “Americans and others” must “abandon the worship of national self-determination . . . and the fascination with elec-



tions.” Mocking U.S. Independence Day, Gelb says that “most nation-states . . . have been a curse,” and they have not “behaved better” than the “empires they displaced.” He attacks Presidents such as Franklin Roosevelt for compelling “the European empires to shed their worldwide colonies . . . [and who] believed that by eliminating empires, they would also eliminate the main cause of wars. But . . . the new small nations proved no more democratic or peaceful than the old empires.”

**Sept. 27, 1992:** An article condemns Peruvian judges for hiding their identities and taking other measures against terrorist murder, which the *Times* says “incites” more terrorism. They quote apologist for Shining Path (Sendero Luminoso) threatening, “There are no secrets in Peru. Everyone will eventually know who these judges are.”

**Jan. 25, 1993:** An editorial argues that Jack (“Dr. Death”) Kevorkian fills a gap in patient care, that can only be “solved” by the wider use of suicide. “Legislators, the courts and ethicists have already supported Americans’ right to make that decision [for suicide]. Tragically, that right—and the information to supplement it—is still very far from the bedside.”

**July 12, 19, and 24, 1993:** Articles attack flood control during massive flooding in the Midwest. Building 20th-Century dams and levees was “a huge pork-barrel boondoggle that fooled only the taxpayers.” Environmentalist “experts” are quoted saying that you can’t “fool Mother Nature.” The *Times* reports, “The [flooding Mississippi] river is taking back its old places. The water is saying, ‘This is where I want to be.’ . . . [E]cologists and farmers say [the river] was never supposed to follow the tight course humans have expected it to.”

The *Times* gloats that the Midwest floods are promoting hostility to God, that “the depredations of nature are a greater challenge to belief that the universe is in the hands of a loving God.” The *Times* reminds readers of Voltaire’s popular-opinion triumph over Leibniz’s “fantasy” of a loving God.

**May 5, 1997:** Financial writer Thomas L. Friedman celebrates Tony Blair’s victory: “[T]he British Labour Party has been converted . . . by Mrs. Thatcher. . . [who made Britain into] a fast, market-driven economy. [Most] principles of Thatcherism—breaking the unions, privatizing state industries . . . catering to the bond markets, . . . and fiscal austerity—were shared by both Conservative and Labour candidates. . . . Tony Blair and . . . John Major were . . . engaged in ‘synchronized swimming’ . . . Thatcher’s . . . model is being mimicked all over the globe. . . . [She is one of the] great revolutionaries of this century. . . . [W]hen a country puts on [her] golden straitjacket . . . its economy grows and its politics shrinks.”

**April 10, 2000:** An article quotes selectively from four “experts” to back up their claim that depraved culture and mass media are *not* responsible for the rash of mass murders by children. *EIR* interviews three of the four, who say the *Times* misrepresented them; one is an attorney for parents suing makers of killer video-games and movies.

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## Central Asia

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# Leaders Face Islamic Militants, Economic Crisis

by Ramtanu Maitra

A string of Taliban victories on the battlefields of northern Afghanistan, and the setting up of a base by Islamic militants in the Batken region of Kyrgyzstan, have rattled the nerves of Central Asian leaders. A number of visits by foreign dignitaries, International Monetary Fund (IMF) and World Bank personnel, and NATO officials, indicates that in the coming days, pressure to open up Central Asia to globalization will increase.

Despite repeated denials by the aggressive Taliban regime in Afghanistan, it is evident that the Islamic Movement of Uzbekistan (IMU), a militant group that has vowed to dismantle the secular regime of President Islam Karimov in Uzbekistan, has developed a training base in northern Afghanistan, with the Taliban protecting them. With the virtual conquest of northern Takhar and Kunduz provinces, Taliban militia are on the Tajik-Afghan borders. It is almost certain that pressure will mount on the Central Asian nations now that the Islamic militants have achieved some tangible success.

## Losing Ground

In Central Asia, Uzbek and Kyrgyz troops are still fighting the militants and trying to oust them from the region. However, the militants have slipped inside the Batken region of the Ferghana Valley, and have set up their bases in the adjoining mountains. Kyrgyz President Askar Akayev told journalists in the third week in September, that Kyrgyzstan is in the process of setting up an Anti-Terrorism Center in the Batken region in order to study terrorism, religious extremism, and narcotics trafficking. President Akayev also pointed out that the center would be under the aegis of the Shanghai Five (now the Shanghai Forum, an agreement set up by Kyrgyzstan, Kazakhstan, Uzbekistan, China, and Russia). Akayev said that he has already received support from China’s President Jiang Zemin on the project.

Uzbekistan, which broke away from the Commonwealth of Independent States, made up of former Soviet nations, last year, is feeling the heat as well. It has already contacted both Beijing and Moscow for future military cooperation. During the week of Sept. 18, Turkish Interior Minister Sadettin Tantan was in Tashkent, Uzbekistan’s capital, discussing cooperation on anti-terrorism and security-related areas. Presi-

dent Karimov, who was in the United States in early September to attend the United Nations General Assembly sessions, met with both the Turkish and Israeli heads of state. It is widely acknowledged that Uzbekistan will be developing security relationships with both Turkey and Israel. Turkey, meanwhile, has a very strong presence in Uzbekistan's economy.

Another distressed nation in the region is Tajikistan, which has emerged as the "front-line state" facing the aggressive and orthodox Islamic regime of Afghanistan. Across the Tajik-Afghan border travels two-thirds of Afghanistan's huge production of opium and heroin to China, Europe, and beyond. Recently, both Uzbekistan and Kyrgyzstan have criticized the Tajik leadership for its failure to prevent infiltration by the Islamic militants into the region, and for its officials' complicity in the Afghan drug trade.

### **Political Maneuvering**

The military pressure exerted by the Islamic rebels and the threats posed by the advancing Taliban regime seem to have rattled all the Central Asian leaders. Uzbek President Karimov visited Turkmenistan recently, and at a joint press conference, both he and President Suparmurat Niyazov of Turkmenistan welcomed Taliban participation in economic projects in the region. Subsequently, President Karimov announced that the Taliban do not pose any threat to Uzbekistan.

On the other hand, Turkmenistan, which has maintained direct contact with the Taliban throughout the last four years, was involved recently in whirlwind diplomacy in the region, trying to find a way of ending the Afghan civil war. One of the trial balloons that they floated, was to have an "informal" partition of Afghanistan, whereby that part of northern Afghanistan north of the Kunduz River, would be under the control of the anti-Taliban opposition, while the rest of Afghanistan would be under Taliban rule. The idea was nipped in the bud, as the anti-Taliban opposition collapsed in mid-September under Taliban pressure.

Uzbekistan, meanwhile, is toying with a number of ideas on how to blunt the Islamic rebels' influence. A high-level Uzbek official told the news daily *Uzbekistan Report*, that his government is planning to encourage Naqshbandi Sufism to counter the orthodox Wahabi form of Islam preached by the militants. In the 1960s and 1970s, the Naqshbandi order was heavily attacked by the Soviets as a threat to regional stability. Many of the most committed opponents of the Bolshevik rule in Russia were Naqshbandi followers.

The collapse of the Soviet Union, and the emergence of orthodox Islam, in the form of the Taliban and the IMU, for instance, have helped to change this view. In recent years, officials from Kazakhstan, Kyrgyzstan, Turkmenistan, and Uzbekistan have begun to make some critical distinctions between the orthodox Wahabi form and the Naqshbandi or-

der. In various forums, they have pointed out that the followers of the Wahabi form of Islam want to set up a theocratic state and thus challenge the existing political and social structure. On the other hand, they claim that the Naqshbandi order has adapted itself to the existing social circumstances and the political milieu.

In mid-September, upon his return from the United States, President Karimov declared two amnesties. The first one was to those who are already serving sentences inside Uzbekistan, and the second was addressed to the Islamic militants who are now operating beyond Uzbek borders. President Karimov has offered an olive branch to these militants, asking them to come back home without fear of prosecution. The decree, considered a major step down by President Karimov, some observers point out, stems from the fact that the President is under pressure from all quarters, including the Uzbek Army.

### **Financial Pressures**

Besides threatening security, the Islamic militants' activities have also put considerable pressure on the limited financial resources of these resource-rich countries. The much-required developmental fund is getting smaller, as cash is being channelled into strengthening security arrangements and enhancing the strength of security forces.

Kyrgyzstan, for instance, does not have much of an army. Militants' activities in the southern part of the country have forced its army to deploy about 5,000 men in the area. Efforts are afoot to enhance the Kyrgyz Army's combat readiness. Fortifications work, work to perfect tactics for mountainous regions, and to reconnoiter and accurately anticipate possible directions of terrorist movements are draining the limited Kyrgyz exchequer faster than it can generate fresh revenues.

Uzbekistan's defense forces, by far the largest in the region, are divided into ground troops, air force, security troops (internal security and border guards), and the National Guard. Uzbek defense expenditures in 1997 were \$200 million. Although this year's figure has not been made available, it is evident that expenditures have soared. If the Kyrgyz government estimates that at least 70,000 people in the Namangan, Ferghana, and Andizhan regions (all located in the Ferghana Valley) are sympathetic to the Islamic militants, it is a near-certainty that defense expenditure of Uzbekistan in the coming years will grow fast.

Similarly, Kazakhstan has announced that its military spending will rise sharply this year. Explaining the higher defense expenditure, Kazak President Nursultan Nazarbayev said on Sept. 1, "The sharp deterioration of the situation on the southern borders of the Commonwealth of Independent States and the dramatic events of this August in Kyrgyzstan and Uzbekistan are a precursor of serious times ahead for Central Asia as a whole." The military spending, he said, would be 1% of Kazakhstan's Gross Domestic Product—

FIGURE 1

## The Central Asian Cauldron



a rise of 100% over the current defense budget—in the year 2000.

In mid-September, a military exercise was carried out by the Tsentrzbat-2000 (Central Asian battalion) in Kazakhstan, within the framework of the NATO Partnership for Peace program. The program was partially funded by Washington. Chairman of the U.S. Joint Chiefs of Staff Gen. Henry Shelton, who attended the exercise, made it clear that the United States is keen to provide security to Kazakhstan. As a gesture of Washington's commitment, General Shelton pointed out, the United States has delivered \$3 million to reinforce Kazakhstan's southern borders, in the tri-junction

area of the Fergana Valley.

The Commander of the U.S. Central Command, based in Europe, Gen. Tommy Franks, was in Bishkek, Kyrgyzstan on Sept. 24. He held meetings with the Kyrgyz Defense Ministry and discussed stepping up military cooperation between Kyrgyzstan and the United States.

### An Opportune Time for Some

These developments in Central Asia are taking place at a time when Tajikistan and Uzbekistan are suffering from drought. Forecasts issued by the Tajik government indicate that the country will undergo a shortfall of foodgrains of

FIGURE 2  
**Insurgents' Destination: The Fergana Valley**



almost 50%. Uzbekistan has not fared much better. Its cash crop, cotton, is hit hard by lack of rain and lack of irrigable water. The latest estimate shows that Uzbek cotton production will be down by as much as 50,000 tons. The rice harvest, which is beginning now in Uzbekistan, is expected to be 50% less than that planned for. Uzbekistan, along with the United Nations, has appealed to the international community for help. According to one Uzbek report, at least 1 million people are going to be affected by the drought in Uzbekistan this year.

Due to the shortfalls of cotton and rice production, and enhanced defense production, the Uzbek currency is under severe pressure. At the IMF-World Bank meeting in Prague (ongoing as this is written), it is expected that Uzbekistan's continuing control over its currency will be discussed. The IMF has already told Tashkent to open up its economy further and to allow full convertibility of its currency.

In Kyrgyzstan, the economic situation is precarious. Due to the additional funds allocated to fight the Islamic militants, the Kyrgyz Treasury is dwindling fast. One estimate is that the government now faces the impossible task of running the country on less than \$155 million (\$32 per capita) a year.

Unemployment in Kyrgyzstan is also rising, and relief from poverty is not in sight. The only saving grace for Kyrgyzstan is that its President, Akayev, still enjoys the confidence of the people.

Financial weakness and the security threats to the region as a whole, have opened up "opportunities" for some to intervene. U.S. Secretary of State Madeleine Albright, who, during her visit last spring to Uzbekistan, had made it a point of criticizing President Karimov's "iron fist" approach, is very much on the warpath. During her recent meeting with the Uzbek President in New York, Secretary Albright

cited cases of mistreatment of individuals by the Karimov government and discussed areas in which the United States feels that the government should do more to move toward full democracy. It is evident that President Karimov's mid-September amnesty announcement resulted directly from the pressure exerted by the U.S. Secretary of State.

Aga Khan, whose Aga Khan Development Network (AKDN) is highly active in the region, has enhanced his presence in these difficult times. He has recently set up the first University for Mountainous Region in the Kyrgyz hills. It has been said that the AKDN plans to set up more such universities in the hills of Kazakhstan and Tajikistan. Aga Khan, who has often been cited as having links to British and French intelligence, boasts a host of followers, known as Ismailis or Aga Khanis, in the drug-infested Pamir region of Tajikistan. Pamiri Ismailis are notorious for their role as "mules," carrying Afghan drugs through some of the most inhospitable mountain regions into the plains of Central Asia.

### Another Visitor

Another recent visitor to Kazakhstan and Kyrgyzstan was the Duke of Gloucester, cousin of Queen Elizabeth II of England, on Sept. 5-8. The Duke was in the area "to support Britain's interests in the Caspian region and to help project the United Kingdom as a key economic partner and strategic investor in Kazakhstan." He brought along with him representatives of such companies as British Gas, which is already involved in developing the Karachaganak oil and gas fields in Kazakhstan. The British Duke is close to the powerful and widely hated speculator, George Soros, whose Eurasia Institute has a strong presence in Central Asia.

In addition, Uzbekistan hosted recently a British Council delegation, led by its director-general, David Green, who is involved in reforming various fields of activities in Uzbekistan—for example, compiling a new generation of textbooks.

In Kazakhstan, where China, Russia, Britain, and the United States are vying for its gas and oil resources, an oil-trade-related corruption charge appeared in the Sept. 23 *Washington Post*. The corruption scandal is about to hit President Nazarbayev and his Oil Minister, Akezhan Kazhegeldin. It is alleged that the President and his men salted away large sums of money through offshore banks with the help of an American middleman, James Giffen. Giffen claims to be close to U.S. Presidential candidate Al Gore. Giffen's company, Mercator Banking, has a client list which includes such powerful multinationals as Chevron Corp. and Archer Daniels Midland Co.

The scandal, as presented by the *Washington Post*, has the potential to dismantle Kazakhstan's entire political spectrum. It has already apparently claimed a victim: Finance Minister Mazhit Esenbayev, who was in Prague attending the annual IMF-World Bank meeting, has been hospitalized with complaints of heart trouble.



# Crisis in Afghanistan: To Fight Terrorism Is a Matter for Mankind

*Dr. Abdallah is the Acting Minister of Foreign Affairs of the government of Afghanistan. He was interviewed in New York on Sept. 19, by Muriel Mirak-Weissbach.*

**EIR:** Your Excellency, can you describe the situation on the ground in Afghanistan? The Taliban claims it controls 90% of the territory, an estimate which Pakistan's Chief Executive, Gen. Pervez Musharraf, shares. What is the reality?

**Dr. Abdallah:** The reality of the situation is, there is no doubt that Taliban do control most of the country. It has never been 80-90%, as Pakistan and Taliban claim, because they are mainly in control of the cities and the main roads, and their control is in southern and eastern Afghanistan. These are less-populated areas than in northern Afghanistan. They have less control over rural areas, districts, and mountainous areas, which have been liberated over the past years, liberated from the Taliban occupation, because the people resisted there, despite the hard situation.

Recently, Taliban made an advance to one of the cities in northeastern Afghanistan, Taloqan, which they will consider a breakthrough in their military activities, while my assumption has been, and the experience in Afghanistan has shown, the consequence will be negative, it will be a reversal for the Taliban. Because, once again, they have captured an area by force, with the support of Pakistan and other terrorist groups which are coordinating with Taliban, the people are all against them. This is the situation in most parts of the country.

This was *not* the situation at the beginning, when Taliban started the attack, because they were claiming, at that time, that they would bring peace and stability and prosperity. And it was welcomed by the population. Gradually, they started to lose their popularity, because of their attitude, their agenda, and the presence of thousands of Pakistanis and other armed groups with them, because of the atrocities they committed against the civilian population. Their whole program was not accepted. So, now, we consider the areas under Taliban control as occupied areas, and the people consider them as such. Now, even in southern Afghanistan, there have been reactions, rebellions against Taliban, especially against conscription. They rely on foreign support as well as forced conscript soldiers. So, this is the situation.

**EIR:** How do you evaluate the correlation of forces, considering the activities of the Shanghai Five? Do you think the Taliban could be defeated militarily?

**Dr. Abdallah:** Stopping Taliban militarily? I wouldn't say it could be done through what was discussed by the Shanghai Five. I think international conferences, and the more attention paid to the situation in Afghanistan, would be helpful, and the Shanghai Five was a significant gathering in that regard. But the situation in Afghanistan is such, that it requires a much more comprehensive program, in order to tackle the problem.

What is the situation in Afghanistan?

Terrorists groups and organizations, plus the drug mafia, drug traffickers, plus religious extremists, have made a coalition, and come from all Central Asian countries, as well as from the Middle East, northern Africa, the Gulf area. They are being indoctrinated—the ordinary fighters are being indoctrinated, with their serving Islam. This is the perception of ordinary fighters in that part of the world; but it is the program—Pakistan's program plus those terrorist organizations'—to create turmoil in the region, for regional ambitions.

This is the situation.

To fight against terrorism, is a matter for mankind, rather than for the region or one part of the world. And so far, the Afghan people have been left alone, although we have sympathizers in the region and some sympathizers in the international community. But they have been limited to nice words, not deeds.

This is not good news for the future of the region. The Afghan situation concerns the whole region's stability and peace. A coordinated move, a comprehensive international effort is required in order to find ways to stop it, and prevent it from further escalating and expanding, and then, to find a permanent solution.

**EIR:** Pakistan has denied any involvement, although other Central Asian governments have also identified them. What proof is there?

**Dr. Abdallah:** I'll give you an example which might be helpful. I was part of the resistance to the Soviet occupation of Afghanistan, and even in ten years of Soviet occupation and, later, our fight against the communist regime, Pakistan never

admitted that they had made any interference in Afghanistan, or that they had extended any support to the resistance during those times. While, of course, all the assistance which was provided to the Afghan resistance was coming through Pakistan; the training was from there, the depots of ammunition were there, it is not a secret—it was not a secret at that time. So, a country which can deny such a big involvement, such a big game, you shouldn't expect them to admit it.

There are dozens of Pakistani prisoners, who were caught, armed, fighting our people, in our presence, in our cities. And other proof: documents which we have captured from the bodies of those soldiers who were killed, and radio intercepts, of their communications. And from time to time, they admit it, although they won't admit it in front of the international community.

What they have expressed about Afghanistan is a clear reminder of their intentions. For example, recently, General Musharraf told a press conference, that it was for national security interests that they wanted to support Taliban, that they needed to support an ethnic group, the Pushtoons, because it was a matter of their national security interests, and they will not give it up. So this is another part of it. But they can still deny it, as, once, they were able to deny their involvement during the Cold War.

**EIR:** Regarding the international community, why do you think there is not a bigger hue and cry about a country, being militarily besieged and occupied?

**Dr. Abdallah:** This is our question. There were even times, when there were sympathies for a movement like Taliban, in Western capitals.

**EIR:** Yes, they have offices in London and the United States.

**Dr. Abdallah:** Not long ago, there were sympathies for Taliban in Western capitals. Still now, in some cases, they deal with Taliban as if they were dealing with a normal group, while nothing that Taliban is doing, is normal—neither their involvement in terrorist activities, nor their drug-trafficking program, nor their abuses of human rights and women's rights, not to mention other things.

Still, on some occasions, they are being treated like a normal group. And some think that they can modify such a group, whereas the reality of the matter is, that the mentality on which the creation of such groups is based, is not open to modification. It is rather for a harder attitude, than modification.

This is our question. There is no doubt that, as far as the views of Western countries are concerned, especially in the United States, after they saw the consequences, and they were affected by the consequences of the Taliban in Afghanistan, this has changed. Now there is no sympathy for the Taliban. But there is little action, except some measures taken in the UN Security Council. And as far as Pakistan is concerned, it, being the core of the problem in that part of the world, has

been able to get away with what they have done so far, despite their denials. But I think Pakistan was given a green light, after the Cold War, after the withdrawal of Soviet troops from Afghanistan; it was Pakistan which was the player in Afghan policy. No one objected to what Pakistan was doing.

It was our cry from the beginning: "Look, this is the situation and these will be the consequences." We had anticipated the present situation, years ago, because of the way things were evolving, and we knew the programs and intentions of Pakistan. We anticipated the present situation, but we didn't find any sympathy for our cause.

Now, we are in a different situation. If it is not too late, it is a bit late; it is certainly late. There is still little action. Taliban have got an office here [in the United States], they have representatives, which means some groups believe they can get some good out of a devil.

**EIR:** There were meetings last week of the 6+2, the United States and Russia, plus the six neighboring countries of Afghanistan. What came out of those meetings?

**Dr. Abdallah:** So far, nothing concrete is coming out. Last time, when the 6+2 held a high-level meeting, it was in Tashkent, last year, in July. I participated as the representative of Afghanistan, and Taliban also participated. There was a Tashkent declaration, as a result of that meeting, but just eight days later, Taliban launched their major offensive. Since then, the 6+2 have decided to concentrate more on the drug problem, which is an easier problem, rather than the wider aspect of the situation in Afghanistan.

Then, there was the highest-level meeting so far, at the foreign ministers' level. They expressed their concerns, but there isn't a consensus, because of Pakistan's position, because Pakistan still tries to justify Taliban by saying, to isolate one group, to support another group, is not a healthy attitude. Then they keep denying their involvement, so they are just encouraging engagement with the Taliban, rather than a real solution. And Turkmenistan's position has not been so healthy, as far as a solution is concerned. There's no comparison of their position to that of Pakistan, of course. These differences do have an impact on the decisions we take, but still we consider the 6+2 meetings important, because at least there is a forum where the issue is being discussed at a higher level, among those people who are interested, as they are affected.

**EIR:** Several speakers from the region proposed at the UN Millennium Summit, that a special session be convened to deal with Afghanistan. What is your view of this? And what is the solution that you envision?

**Dr. Abdallah:** First of all, Afghanistan has been treated like what is called a forgotten war by the international community. Anything which brings it to the scene, so that people hear about it, see things happening, is good. But the success of any conference will depend, first of all, on the program which they

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*The idea of ECO was to promote this Silk Road, and trade among the countries of the region. Now Afghanistan is in turmoil, and it has spilled over to neighboring countries. But, if the world supports Afghanistan in its struggle against those evils, then I think it could work in the longer term.*

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have, the plan, the principles which they think will help bring about a peaceful settlement. In our view, in general terms, anything which will bring about a peaceful settlement to the conflict, and then provide a mechanism for the representation of the people, for a future representative government, with guarantees—these will be the two main principles in any settlement: peaceful solution and representation of the people. As far as different options are concerned, we will be flexible, of course. We believe that once the representatives of the people are given the chance—through traditional assemblies, which in Afghanistan is called *loya jirgah* [grand assembly], or by any other means—then they will ask, first of all, for sovereignty, independence, and an end to interventions in Afghanistan.

You might be aware, that there is a tradition of neutrality in Afghanistan. In the past, Afghanistan has been an active member of the Non-Aligned Movement, but then, the Soviets occupied Afghanistan, and later there were interferences by neighboring countries, which led to this situation. Any international conference, with the presence of our neighboring countries and also the parties involved—we should force Pakistan to put pressure on Taliban to get ready for serious talks. If there is real pressure on Pakistan, then there will be hope for a solution. Otherwise, Pakistan's policy has been that, while sending troops on the ground, to help Taliban in their military campaign, then they call for negotiations or talks, like a cover-up for their real intentions—this will not work.

**EIR:** One reason the settlement to the conflict is so urgent, is that Afghanistan is a crucial part of the new Silk Road, being built across Eurasia. The country needs a national railway system, and links to the Eurasian network, it needs pipelines, other infrastructure. Have there been discussions with other governments involved in this, with Russia, China, or Iran, about it?

**Dr. Abdallah:** There is discussion among ourselves, first of all, of the role Afghanistan used to play as the crossroads, from north to south and west to east. The idea is in the interests of Afghanistan and the region. Pakistan utilized this idea; they were talking about pipelines for gas and oil, in order to give the perception to the world, that a force like Taliban would bring stability to Afghanistan, and that this would provide a unique opportunity, for Pakistan, Afghanistan, as well as the

whole region, for prosperity, development, transit and trade, cultural interactions—I think that's why the idea was not rejected by some countries at the beginning, because it seemed to be a good idea.

**EIR:** The U.S. oil group Unocal was behind this.

**Dr. Abdallah:** Unocal was one. But you cannot do it by imposing a terrorist group upon a country, which will import and export drugs, extremism, terrorism—this is not normal trade. Now, instead of normal production and trade, it is illegal and abnormal. So, this situation has prevented any practical decision taking place between Afghanistan and the neighboring countries. We have mentioned our concern in that respect at ECO [Economic Cooperation Organization] conferences, because the idea of ECO was to promote this Silk Road, and trade among the countries of the region. Now Afghanistan is in turmoil, and it has spilled over to the neighboring countries. One cannot expect that these ideas could materialize, but if the world supports Afghanistan in its struggle against those evils, then I think it could work in the longer term, because it is to the benefit of all the countries.

**EIR:** While President Burhanuddin Rabbani and you have been here in New York, I assume you have had talks with representatives of the U.S. government. Do you have the sense that there is understanding on the part of the U.S. government of what is at stake in the entire region?

**Dr. Abdallah:** I think the understanding is there. It's different from what it was some years ago. There is an understanding of the situation, but what should be done, is not clear. At this moment, when the military situation is at a critical point, one would not expect a big move here in Washington, because of the elections. But I have no doubt, that there is a much better understanding of the situation.

**EIR:** There has been talk of the participation of the former king, in such group assemblies as you mentioned.

**Dr. Abdallah:** We haven't seen a serious attempt by the king, though he has expressed his concerns and his willingness to play a role in bringing about a peaceful settlement. But I haven't come to the conclusion that a serious attempt is going on, by the king, to mobilize the Afghans abroad, first of all, and then, to influence the situation in Afghanistan in a positive way.

# European Allies Buck Blair, Albright On a Balkans 'October Surprise'

by Umberto Pascali

While the dramatic events in Yugoslavia following the Sept. 24 Serbian elections captured the attention of the media, a strategically more crucial development was taking place. Many of the NATO allies, and representatives of the Yugoslavian opposition, blasted the attempt by British Prime Minister Tony Blair and his Foreign Minister, Robin Cook, to prepare a new NATO military intervention into the Balkans using as its pretext Slobodan Milosevic's refusal to accept the victory of the opposition candidate, Vojislav Kostunica.

It is clear, of course, that Russia opposes such a new "Operation Allied Force," because Russia's status as a Eurasian power is the primary target of NATO's Balkans and Caucasus adventures. But this time, the opposition of Jacques Chirac's government in France has been the strong herald of general western European resistance. Russia and France have simultaneously taken action both against the economic sanctions crushing the Yugoslav economy and hurting those of its neighbors, and against the ten-year-old strangulation of Iraq. The French resistance, on these and other fronts, has earned Chirac an immediate, British-orchestrated scandal aimed at destabilizing the French government.

The rebellion, against a new military adventure orchestrated once again by Blair and U.S. Secretary of State Madeleine Albright, has not defeated the war party for good, but has thus far prevented dispatching the bombers. But Blair, Cook, and Albright are still trying to unleash a NATO attack.

The reason for their obsession has nothing to do with the Yugoslavian situation, nor with the hypocritical calls for "democratization or death" in Serbia. Blair, Albright, et al. know they cannot preserve for long, the cancerously growing financial bubble of London and Wall Street's "globalized" world economy. Time is running out, and many of the allies are finally thinking of getting off the *Titanic*.

The effects of the economic destruction and the looting of the living standards, inside England itself, has come to roost at Blair's doorstep. At the recent Labour Party conference in Brighton, the Prime Minister was faced with a revolt by the rank and file, triggered by the miserable level of the British pensions and the rising fuel prices.

Politically, the emergence of a potential for cooperation

between some of the European allies and Vladimir Putin's Russia, is provoking nightmares. First of all, President Chirac's France (presently chairing the European Union) challenged the terrorist international arrangement that transformed the population of Iraq into a perennial killing target. For the first time, in a public and unapologetic way, France sent aid supplied by plane to Iraq, without asking or consulting either the United States or Britain. Second, it is becoming increasingly clear that this French "resistance" is coordinated with Russia. On Sept. 28, in the middle of the Yugoslavian crisis, Vladimir Putin met French Foreign Minister Hubert Védrine, and stated: "France is Russia's traditional most important and, to a big extent, irreplaceable partner." And his Russian counterpart, Igor Ivanov, told Védrine: "Our positions coincide on many issues, including the problems of strategic stability, solving regional conflicts on the Middle East and Iraq. Stability on the European continent and in other regions is, in many ways dependent on Russian and French cooperation."

Putin and Chirac agreed on the immediate lifting of the sanctions against devastated Yugoslavia.

It is thus no surprise that a "corruption" scandal targeting Chirac was suddenly triggered, to coincide with the Russia-France meetings. This is the British *modus operandi*, as experienced by Italy when "Operation Clean Hands" beheaded its political and economic leadership in the mid-1990s.

## 'NATO Intervention as in Kosovo'

It was in this context that Robin Cook tested the waters for a NATO military intervention into the Balkans, in a Sept. 26 interview with Sky Television, from the Labour Conference in Brighton, where he and his boss were feeling the increasing heat from an enraged rank and file. After launching one of his melodramatic attacks against Milosevic ("You lost; go. Your country and the world has suffered enough from you"), Cook went to the point: "We need to make sure that Milosevic understands there is a very substantial [NATO military] capacity in the region. He should not be attempting any further military venture."



Madeleine Albright, the key individual in pushing the U.S. military into last year's bombing campaign, had been ferociously trying to do it once again now. According to the Russian newspaper *Nezavisimaya Gazeta*, Madeleine Albright insisted, in an Aug. 29 White House meeting, on getting the green light for a military plan that called for "two or three days of bombardments as a preventive response to Belgrade's alleged attempt to destabilize the situation in Kosovo and Montenegro." The plan was presented at a meeting that reportedly included President Clinton and Pentagon and intelligence chiefs. "Pentagon generals objected emphatically to any new bombardment," *Gazeta* wrote. "So the proposal was rejected, but Albright advocated creating a special group of experts to thoroughly study the advantages and drawbacks of a new military action against Yugoslavia."

Despite all their efforts, Cook and Albright could find only one NATO ally for an intervention "against Milosevic." It was Turkey, a country that Blair and Albright have lately gutted and reduced to a docile staging ground for the most ferocious campaigns, from Iraq to the Turkic states of former Soviet Union. Speaking in Koren, Bulgaria, during Romanian-Bulgarian military exercises at the borders with Serbia, Turkish Defense Minister Sabahattin Cakmakoglu said, "If there is a crisis, there will be an intervention in the same way there was a NATO intervention in Kosovo and Bosnia-Herzegovina in defense of UN values."

Indeed, a formidable naval and ground force has been deployed in the Balkan area, coinciding with the Sept. 24 Yugoslavian elections and under the guise of military exercises. A British naval force comprising 15 warships is sailing in the Adriatic Sea near the Yugoslav coast. It is led by the aircraft carrier *H.M.S. Invincible* (which carries Harrier-type fighters), plus the destroyer *Liverpool* and an auxiliary vessel. Nearby this first deployment, the British Navy deployed a second "training" fleet, led by the amphibious assault ship *Fearless*, specialized in landing assault units, plus ten other ships. The number of planes and helicopters used in the deployment, is not known, but an official British source confirmed that 5,000 men and woman are participating in the operation. The *Times* of London let it be known that "A Royal Navy aircraft carrier has been pulled out of an exercise to be on hand in case President Milosevic launches a military operation in Montenegro."

Another flotilla sailing in the Adriatic Sea at the same time included an unreported number of U.S. and Croatian warships, which carried out an "amphibious landing exercise under live fire" on the coast just north of Montenegro. Officially, 400 U.S. sailors and 200 Marines are involved.

### **'Spare Us Any Counterproductive Help!'**

However, the continuous attempt to trigger a military intervention was rejected by the other NATO allies. And the Yugoslavian opposition itself blasted those attempts. Kostun-

ica, also in order to capitalize on the anti-NATO feelings among the Serbs, has repeatedly attacked by name the "Western leaders" who wanted to "help." Albright was particularly targetted by Kostunica in public statements. After Sept. 24, while the opposition claimed a victory with more than 50% of the votes and the Yugoslav electoral commission put Kostunica's vote just below 49%, a test of strength ensued, with opposition-organized mass demonstrations in the streets and calls for a general strike.

Officially, the electoral commission called for a second election runoff on Oct. 8. A potentially devastating confrontation with the still strong Milosevic's police (MUP) could indeed happen. A bloody confrontation in the streets of Serbia would give the perfect pretext for a NATO intervention through the Montenegro coast, from the west (Bulgaria, Romania), the south (Kosovo), etc. Such an intervention would be a "total mess, a total catastrophe and, of course, would provoke a new aggravation of the international situation," a Russian spokesman told *EIR*. What is clear is that, in Blair's and Albright's mind, such an intervention would not have as the main target Yugoslavia, but rather the potential alliance between continental Europe and Russia, and its potential to replace the "bubble" with a New Bretton Woods financial system.

Cook's insistence on NATO intervention sparked an immediate response by Gen. Momcilo Perisic, the former Yugoslavia Chief of Staff and now a leader of the opposition coalition. "I am begging some unhinged world leader to spare us any counterproductive help, because so far they have made many promises and done many things which have only caused the suffering of our people. And I beg them to finally realize that they should not settle their accounts with Milosevic, or he with them, at the expense of the lives of our citizens."

### **Milosevic's Strange Bedfellows**

In fact, the Anglo-American grouping has never had any intention to help the Serbian citizens rid themselves of Milosevic. Not so paradoxically, they needed Milosevic in order to justify not only the existence and expansion of NATO, but a new East-West confrontation that would keep the restless allies under control, militarily, politically and financially. And in fact, Russia has tried repeatedly to resolve the Milosevic problem, in a way to safeguard Yugoslavia as a sovereign and independent country. But the British and the United States backed Milosevic, and he remained, until it became too late for Russian and Yugoslav military moves to replace him. And the sanctions against Yugoslavia (like those against Iraq) remained in place. The British Foreign Office, even after the elections, insisted, "We are not suggesting that you do that [lift sanctions], because we do not think it would further our cause," a British official told the media in response to the French-Russian move.

# International Intelligence

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## ***Abu Sayyaf 'Factions' Buy, Trade Hostages***

Rival gangs of the "Islamic" Abu Sayyaf separatists in the Philippines have opened a regular free market in kidnap victims among at least three of their "factions." While hostage negotiators were working to release two French journalists, who were captured while trying to cover the kidnapping of 21 other hostages in April, Abu Sayyaf gangs were selling shares in what was roughly \$1 million per hostage, in some combination of de facto ransom and pledges for development assistance, which Libya has been paying. On Sept. 9, release of the French journalists was postponed when a gun battle broke out over "shares" in the proceeds. Then, 24 hours later, three Malaysians were kidnapped from a second resort, obviously, to make up for the shortfall.

All but one of the original 21 tourists seized from Malaysia's Sipadan resort in April, have been paid for and released; 22 people remain in the hands of Abu Sayyaf.

There were reports that the three Malaysians seized on Sept. 10 were "sold" to the highest bidders, and the Philippines' military reports that Abu Sayyaf was enjoying a flood of new recruits, who are looking for a lucrative career. However, after negotiations collapsed on Sept. 16, President Joseph Estrada ordered a military assault on the southwestern island of Jolo, where the Abu Sayyaf are holding their hostages. As of Sept. 19, three Abu Sayyaf camps had been taken, but so far the troops have found no signs of the hostages.

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## ***French, Spanish Police Nab Top ETA Terrorists***

French police arrested the military commander of the Spanish Basque terrorist ETA, Ignacio García Arregi Itaki de Rentería, in the French Basque city of Bidart on Sept. 15. Itaki de Rentería and his wife, Fabianne Tapia, were arrested in an operation coordinated between French and Spanish police. More arrests took place over the Sept. 16-17

weekend, with French police capturing 15 people, 7 of whom are considered by the Spanish police to be leading figures in ETA. French police also uncovered forgery offices in several cities, as well as explosives, including some of the 5 tons of dynamite that had been stolen from a construction firm in Brittany last December.

The context for the arrests was a bomb plot on Dec. 16 against King Juan Carlos, Prime Minister José María Aznar, and visiting German Chancellor Gerhard Schröder, who were making a public appearance in Hernani, in the Basque region. Eight grenades were found and disarmed near the museum where they were to appear, only half an hour before their arrival.

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## ***Russia's Arbatov Scores U.S. Unilateralism***

Chairman of the Russian State Duma Defense Policy Committee, Aleksei Arbatov, levelled harsh criticism at the United States and NATO, saying that U.S. unilateralism has the makings of a confrontation with Russia. Speaking to the annual seminar on the armed forces and NATO, sponsored by the German newspaper *Welt am Sonntag* in early September, Arbatov stressed that the U.S. refusal to discuss further reduction in nuclear warheads, parallel to its plans for a so-called national missile defense (NMD), marked a qualitative change, toward building strategic superiority. The Kosovo war, he continued, demonstrates that NATO has turned into an alliance committed to out-of-area offensives. In addition to Russia's concern over NATO's expansion to its borders, Russia is threatened by irregular warfare, simultaneously, from the south, in the Caucasus, and in Central Asia, while the West is giving it no support.

Only the Chinese could potentially become Russia's partner, Arbatov said.

He warned that should NATO try to resolve its conflict with Serbia as it did in 1999, it would "lead to a severe crisis in the relations between Russia and the West," and that "unlike Yeltsin, President Putin will not make concessions at any price to the West." The political lesson from the

*Kursk* disaster, is that Russia must upgrade its armed forces, and expect increasing tensions with the West, he added. The U.S. refusal to let Russians inspect two U.S. submarines that had been in the Barents Sea at the time of the *Kursk* sinking, is a decision that will "affect Russian-American relations more than all other decisions by the U.S. Administration."

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## ***Reports of ASEAN's Demise Are Premature***

Despite the gloomy forecasts two years ago, concerning the Association of Southeast Asian Nations' future existence, "there is life yet in the old ASEAN body, and I think it would be an exaggeration to say that ASEAN is dead," said Thailand's Deputy Foreign Minister Sukhumbhand Paribatra, at a Washington press conference on Sept. 25.

He flagged two major concerns: First, "Thailand wishes to see Indonesia united, strong and democratic," he said, "because of the sheer size of Indonesia within the region, I think that any uncertainty that arises in that country obviously has implications for the rest of the region." Second, the continued economic fragility of the smaller, new members—Laos, Vietnam, Cambodia, and Myanmar—must be overcome "for Southeast Asia [as a whole] to recover fully from the economic problems."

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## ***Turkey Briefs Press on NATO's New 'Readiness'***

NATO has developed a new strategic concept which will lead to a change in its force makeup, the Turkish General Staff informed the Turkish press in a special briefing on Sept. 22. The new strategic concept of "readiness forces," based on 16 so-called threat scenarios to alliance members, had been developed earlier in the year, and is evidently a further extension of the "out-of-area" concept rammed through in the aftermath of last year's NATO war against Serbia.

**FRENCHMEN** voted on Sept. 24 on a constitutional change to reduce the Presidential term from seven years to five, with polls indicating an overwhelming vote in favor, but also record levels of abstention. Supporters say the five-year term would render the Presidency "more accountable," than the *septanat*, established by Charles de Gaulle as a counter to the traditional parliamentary system.

**RUSSIA AND INDIA** will sign an agreement to step up cooperation in the peaceful use of nuclear energy during Russian President Vladimir Putin's four-day visit to India that begins on Oct. 2, Russian Vice-Premier Ilya Klebanov told the press on Sept. 20, after a meeting with Indian Information Technology Minister Pramod Mahajan.

**ITALIAN** authorities on Sept. 21 released Argentine attorney Maj. Jorge Olivera (ret.), who had been arrested in August at the request of France. Olivera had sought to bring charges in the European Court for Human Rights, against Margaret Thatcher for her May 1982 order to sink the Argentine cruiser *Belgrano*. Olivera was accused of involvement in the 1976 disappearance of a French-Argentine citizen, but the Italian appeals court ruled that the statute of limitations had expired.

**SOUTH AFRICAN** President Thabo Mbeki and Algerian President Abdelaziz Bouteflika will co-chair the first session of the Binational Commission, in Algiers on Sept. 22-24, and which coincides with Mbeki's state visit. The BNC is the only commission that South Africa has with another country at the Presidential level.

**UN MILITARY** observers arrived on the Eritrean-Ethiopian border on Sept. 21, to prepare the ground for the 4,200-man UN Mission in Ethiopia and Eritrea (UNMEE). Both agreed to the peacekeeping mission on June 18, when they signed the cease-fire in the four-year-old hostilities.

According to Turkish General Staff public relations officer Col. Salih Zeki Colak, the new concept will lead to the establishment of three NATO groups comprising high, low, and long-term readiness forces. NATO hopes to decide by 2001 where to establish the headquarters for three High Readiness Forces, which would be the first to intervene in a crisis. It will also decide on six additional headquarters for low and long-term follow-up forces.

Colonel Colak reported that Istanbul is a candidate for the location of one of the headquarters. Maj. Gen. Ethem Edragi explained: "Of the 16 scenarios of threats to NATO, 13 involve Turkey. . . . With a headquarters in Turkey, NATO would be able to reach the crisis in the shortest possible time. Turkey would be an advantage for deployment."

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## ***French Flight to Baghdad Enrages Anglo-Americans***

The Anglo-American oligarchs were sent into a frenzied rage after a French civilian aircraft landed at Baghdad's Saddam International Airport on Sept. 21, without first obtaining "authorization" from the UN sanctions committee. U.S. UN representative James Cunningham puffed, "This is a violation of the sanctions regime, something that we deeply regret and are quite disappointed in, both in terms of substance and the procedure that was followed by France." France is the second permanent member of the UN Security Council, after Russia, whose civilian flights have flouted the "gentlemen's agreement" that the sanctions committee must approve each flight.

French Ambassador Jean-David Lafitte retorted, "You will not be surprised, [that] we don't have the same analysis of the situation. For many years now, we have considered there is no flight embargo against Iraq." Lafitte also wrote a letter to the sanctions committee affirming that "there should not be any cargo flights, because there is a trade embargo against Iraq. But for the passenger flights, the humanitarian flights, the resolution is very clear." The sanctions committee, he said, refers "to practice with regard

to flights. No practice has been established and certainly not enshrined in any text." Resolutions have demanded only notification that a flight intends to land, which "cannot be equated with a request for authorization."

British UN Ambassador Sir Jeremy Greenstock fumed that he would refer the issue to the European Union, where he expects to be supported by the Netherlands. "It's the only instance I can remember, of a flight being notified to the committee but then going against the procedures of the committee to wait for 24 hours."

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## ***India Won't Head Up 'Democracy Community'***

India has formally declined the U.S. proposal to head the "democracy caucus" of 100 nations in the United Nations. The United States is trying to set up this "Community of Democracies," in the wake of the June 25-27 Warsaw conference, where U.S. Secretary of State Madeleine Albright and international mega-speculator George Soros demanded the establishment of a dictatorship of the "democrats" against any country that might resist, say, International Monetary Fund structural adjustment policies. A senior U.S. official described the rejection by India, known as the world's largest democracy, as "baffling."

India, along with South Korea, Chile, Mali, Poland, and the Czech Republic, were co-convenors of the "Community of Democracies" convention. South Korea will host the next Community of Democracies meeting in Seoul. Both Poland and South Korea were approached to head the group, but have turned the offer down.

On Sept. 21, an Indian Foreign Ministry spokesman said that India has always supported the promotion of democracy, but only in a "non-prescriptive and non-confrontationist manner." It is not appropriate for the Community of Democracies to demand a denial of UN economic assistance to countries that violate democratic norms, he said. Nor will India agree to lobby for UN intervention to end a threat to democracy in any one nation, the spokesman added.

## Ford SUV, Firestone Tire Share the Blame for Road Deaths

by Richard Freeman

At least 101 Americans, 46 Venezuelans, and perhaps more people in other nations, have been killed in motor vehicle accidents linked to faultily designed tires, in a scandal which has been laid at Firestone Tires' door. But while faulty tires have been involved, it has become increasingly clear that in two-thirds of the deaths, the Ford Explorer sport utility vehicle, and its tendency to roll over, was a prime cause. Most of the roll-overs occurred when the Explorer was equipped with tires made by Bridgestone/Firestone.

These deaths are the outcome of the policy of "shareholder value": the policy of running companies so as to maximize return to Wall Street, by siphoning off dividends and other cash flow, while destroying the firms' productive capacity and scientific and technological standards. Both Ford Motor Co. and Bridgestone/Firestone are governed by shareholder value. Both assembled products which were based on incompetent designs, and both knew that the products under that design were incompetent, and led to defective results.

According to reported Ford internal documents, the firm knew that the Explorer had a tendency to roll over under certain speed and load conditions, as early as April 1989, ten months before the first Explorer came off the assembly line. Reportedly, Firestone knew that its tires were shredding as early as 1996. Yet, neither company made fundamental changes that were required.

As yet, *EIR* does not know if "benchmarking" practices were involved in the earliest design phase of the vehicle, but benchmarking was absolutely involved at least in the testing of the Explorer, no later than 1990. Benchmarking is the incompetent use of linear computer modelling as a replacement for the necessary experimental methods of machine-tool design in the development and testing of automobiles and other products.

### The Ford Explorer

Though Ford claims that the Explorer has little or nothing wrong with it, the vehicle has had a known design flaw which has given it a tendency to roll over, under certain conditions, since the design came off the engineering drawing board in the late 1980s. When Ford put the Explorer through its paces at its Arizona test track in April 1989, the Explorer exhibited highly unstable behavior. Ford ordered certain palliatives which did not correct the fundamental design flaw, but tended to force the tire tread to separate, the Explorer to swerve, and, possibly, to flip over.

While this full sequence, including tire separation, had not unfolded in 1989, the company, even more importantly, knew that the Ford Explorer would roll over without the tire tread separation.

While Ford has attempted to hedge as to whether it knew that the Explorer would turn over, evidence has surfaced, that Ford had learned this at its test track in Arizona in April 1989. An article in the Sept. 20, 2000 *Wall Street Journal* disclosed documents that are in the possession of trial lawyers for plaintiffs who are suing Ford over accidents when Ford Explorers rolled over. The documents were either compiled by Ford, or by an outsider who was briefed by someone at Ford on the results of the tests. One chilling document reports that during the April 1989 Explorer tests, the vehicle "demonstrated a roll-over response, established by observing two wheels off the ground and/or outrigger contact, with a number of tire, tire pressure (and) suspension configurations," under heavy load.

In particular, the document refers to the Explorer's failure to execute what is called the J-turn test, a maneuver in which a vehicle is required to turn sharply while travelling at a speed of 55 miles per hour. This is the same test that the "bench-

marked” Mercedes A-Klasse, introduced in 1997, failed as well, but at a different speed. No reason has been given by Ford, as to why the Explorer lifted two wheels off the ground and rolled over during these tests. But the Explorer had a high center of gravity. Further top weight was added by a several hundred pound cabin shell.

### **SUV Is a High-Priced Truck**

SUVs are a craze in the United States, with Baby Boomers buying them in large numbers. But an SUV is simply a light truck with the cabin shell of a large station wagon grafted onto it. The Explorer is a four-wheel-drive compact Ford Ranger light truck, onto which a cabin shell has been grafted. The profit margins on SUVs are huge—ranging between \$8,000 and \$15,000 per vehicle—because a light truck is the cheapest vehicle to produce, and the automakers using the cabin shell charge double what they could get for a truck. The ever gullible, image-conscious Baby Boomer is driving around in a modified, pricey truck. Any tendency for the vehicle to pitch to one side is magnified by the top weight, increasing the motion arm, and making it more difficult for the vehicle to right itself, once it is tilted.

The manner in which the Explorer was constructed, is also at issue in the way that it was tested at the Ford test track in Arizona. In a Sept. 20, 2000 conference call with reporters, Ford Motor Co. spokesman Jason Vines admitted that in 1989 Ford did not test a finished product Explorer, nor even a prototype. Instead, it tested what it called a “mule,” which was a Ford-150 pickup truck, which Vines said would supposedly “simulate the characteristics of the Explorer in the tests.”

However, the Explorer and the Ford-150 have a number of important differences. The use of “mules” is a common practice among automakers for tests. It is supposed to cut costs, and allow the automaker bring the projected new product to market as fast as possible. The “mule” may not be even close to the final product. In the same manner, the product “simulated” in the virtual reality world of a computer, is not the final product. While not illegal, the use of “mules” reflects the thinking of benchmarking/computer simulation, which Lyndon LaRouche has described as the “lunatic mis-mating of scientifically moronic financial accounting with ‘ivory tower’-style ‘Operations Research.’ ”

In substituting or modifying even an apparently minor technical component within a complete functional system such as an automobile, the potential nonlinear impact of that change upon the characteristic functioning of the whole is unknown.

In the Sept. 20 conference call of this year, Ford spokesman Vines admitted that “the prototype Explorer couldn’t handle the types of rigorous testing we need[ed] to do.” The “mule” had already failed the test—imagine then what the “rigorous testing” would have done to an Explorer prototype, which had deeper design-flaws than the “mule.”

### **The Next Disastrous Step**

Once the Explorer had failed the 1989 tests, this brought to the surface the need to make a major design change, and perhaps several changes unified by a single concept. One change that Ford engineers considered in 1989, was to widen the body, and perhaps the wheel base, by two inches. This would have lowered the Explorer’s high center of gravity. But this was considered a “major design change,” which would have cost considerable money to carry out. Ford rejected the idea.

Ford then turned to chicanery. Management decided to review how the Explorer had turned over during the April 1989 tests. The Explorer had failed when equipped with and operated upon four Bridgestone/Firestone P235 All Terrain tires, which were fully inflated to a tire pressure of a proper and safe level of 30 pounds per square inch (psi). (The Explorer had also failed these same tests on Bridgestone/Firestone P235-AS, all-season tires, and on Bridgestone/Firestone Firehawk tires.)

Ford’s top management prescribed a dangerous palliative: Deflate the tire. According to reports, Ford sought to make the Explorer “more stable,” and to make the ride less hard. Starting in February 1990, the Explorer rolled off the assembly line and was sold with, as standard original equipment, the Firestone P235 All-Terrain tires which Ford desired, but with the tire deflated to 26 psi, instead of its proper 30 psi.

The underinflating has harsh consequences, which anyone who knows car-tire relationships would grasp. It causes increased tread wear on the outside of a tire, and slackens the sidewalls’ flex with each turn of the tire, without the stability provided from proper air pressure. The result is a bulging effect on the bottom portion of the sidewall of the tire. This generates excessive heat and decreases durability, which can lead to a blowout. Thus, even apart from the faulty design of the Bridgestone/Firestone tire, this was a prescription for disaster.

Ford has backhandedly admitted that the underinflation of tires was a connivance to cover up a known design problem. According to the Sept. 20 *Wall Street Journal*, in early 1990 Ford executives considered installing inside each Explorer a warning which would alert occupants that a tire inflation of 26 psi was “required” to help prevent “loss of confidence, rollover, and serious injury.” This meant that Ford was cognizant that rollover could occur. Although the tires were deflated, the warning labels were never issued.

When Ford’s bad design of the Explorer, and its policy of underinflating tires, were combined with the faulty design of the Bridgestone/Firestone tires, disaster resulted.

### **The Explorer Is Ford’s Cash Cow**

Once, Ford was concerned with technological development, in order to produce a sound product. Henry Ford conceived of the original Ford as a universal machine, which it was: It could take people on a Sunday drive, but it could also

take farm produce to market, haul hay, pull a plough, and, through a belt system attached to the motor, grind grain or run a sawmill. A major change occurred in the 1950s, when Robert S. McNamara and his “Whiz Kids” were brought in to apply a financial management approach. Today, Ford is governed by the Wall Street standard of “shareholder value.”

*EIR* has calculated that although only one of every 10 Ford vehicles sold is an Explorer SUV, *profits from sales of the Explorer account for one-third or more of Ford's Automotive division profits* (on an after-tax basis). 40-50% of the Explorer's price represents mark-up profit. In 1999, the Explorer sold at between \$19,000 and \$25,000 per vehicle (depending on the options). On a Ford Explorer SUV, the profit per vehicle is \$8-12,000. In 1999, Ford sold 428,000 Explorers, making it the largest-selling SUV in the world. Using available information, *EIR* calculated that on these combined 428,000 Explorer sales, Ford raked in a pre-tax profit of \$3.4-5.1 billion, which translates into an after-tax profit of roughly \$2-3 billion. For 1999, Ford's after-tax profit was \$7.237 billion, of which \$5.721 billion was attributed to the Automotive division. Explorers accounted for 35-44% of Ford's total Automotive division after-tax profits.

Told of *EIR's* calculations, George Pipas, Ford's manager of sales analysis, said, “I will neither confirm nor deny what you say, but I will say that Ford's exposure to the Explorer [profits] is quite large.” Ford is so committed to attempting to keep the name of the Explorer, its main source of profit, unsullied, that on its website, it refers to the Explorer turnover deaths, as the “Hard Facts on the Firestone Tire Recall.”

## Firestone Tires Separate

The final ingredient in this process is the role played by Bridgestone/Firestone tires. Firestone Rubber Co. has also adopted the policy of “shareholder value.” Firestone knew that it had a faulty tire design. The House Commerce Committee's Consumer Protection Subcommittee has received documents showing that in 1996, Firestone conducted 10-minute-long tests, at which tires were run on a test machine at 112 miles per hour. Of the 229 tires tested, 31 failed—a failure rate of 13.5%. Of the failures, 20 were tread separations, in which the tread on the outside of the tire, separates.

The Firestone tire had its own design flaw. The combination of these two forces increased the frequency of Firestone P235 tire tread separation and potential blowout. At high speed, as the tire tread would separate, this would cause a number of problems, including drag from the damaged tire. The Explorer would swerve. This would push the Explorer in the direction of its greatest design weakness: its tendency to roll over.

In Venezuela, a government official has called the interaction of the Ford Explorer and the Firestone tires a “lethal combination.” The 101 deaths in the United States and reportedly 46 in Venezuela, resulted not from mistakes, as such, but from design flaws, flowing from a faulty policy, which was then covered up.

# Unregulated Drug Industry Fuels Rise in Health Costs

by Linda Everett

Though the farce of official reports of the “3.5% U.S. inflation rate” continues, one must now add health insurance premium costs to the list of consumer prices rising 15% or more per year. They are being driven by costs of prescription drugs, which are rising even more rapidly than that. Both Al Gore and George W. Bush accept these huge speculative increases as legitimate, differing only on how to use supposed “Federal budget surpluses” to help pay these skyrocketing drug prices.

While pharmacies are everywhere in the United States, and new ones are still opening up at a great rate, affordable prescription drugs are only to be had by driving to Canada or Mexico. The pharmaceutical industry's current profit rates can be described only as “superprofitability,” reminiscent of the health maintenance organizations (HMOs) five years ago, and provide a huge income flow for stock market and related speculation.

Here are the hyperinflationary hammer-blows falling:

- Health insurance premiums for Federal employees and retirees will rise an average of 10.5% next year, 14% for fee-for-service and 6.9% for HMOs, the Clinton Administration announced on Sept. 15.

- Health premiums for Federal employees and retirees have jumped a staggering 36% since 1998. The rise will affect about 9 million government workers, retirees, and family members worldwide.

- Nationally, private employers' premiums will jump 11-12% in 22 states—after a 9-10% increase in 1999.

- A recently released Washington Business Group on Health/Watson Wyatt Worldwide Survey of 61 large employers, predicted that medical costs in 2001 would increase by an average 12.2% for employees, and 13.3% for Medicare retirees.

- The picture is worse for HMOs. HMOs in Maryland seek 10-15% increases for next year, while Ohio HMOs plan to raise rates by 10-40%—after raising rates 10-20% this year. Northern California's largest HMOs are preparing to unveil hikes of up to 14% for 2001, on top of near 10% increases this year.

## Drug Costs Tripled in a Decade

Uniformly, analysts attribute these astronomical premium rate increases to the rising costs of prescription drugs, which, according to a Kaiser Family Foundation study, “Pre-

scription Drug Trends,” July 2000, have been the fastest growing component of health-care spending for the last decade, increasing 15% from 1997 to 1998, compared to 5% for all personal health care spending. In the past five years, the increases in prescription expenditures have been two to four times the percent changes in expenditures for most other health-care services. In 2000, national drug spending increased an estimated 11%, compared to 7% for physician services and 6% for hospital care.

Since 1990, national spending for prescription drugs has tripled, rising to an estimated \$112 billion today.

Financially, the pharmaceutical manufacturers have been the top-ranking U.S. industry for profits as a percent of revenues throughout the past decade. In 1999, they had a profit margin of 18.9%, compared to a median of 5% for all Fortune 500 firms. The industry’s revenues were estimated at \$91.8 billion in 1999, up from \$38.5 billion in 1990.

Yet, senior infectious disease specialists note that the same pharmaceutical companies are failing to develop new antibiotics to meet the threat of multidrug-resistant bacteria; they have not produced sufficient flu vaccine for this year’s flu season; and with Al Gore’s help, they have denied generic AIDS treatment drugs to Africa.

The United States invents most of the world’s great prescription drugs, yet, tens of thousands of Americans, often in organized caravans of buses, travel to Canada and Mexico to purchase their medication, at a fraction of the cost they are charged for the exact same medications in their home states. The reason is simple: The United States is the only country in the world where the price of pharmaceutical drugs is not government-regulated. And, the powerful drug industry, seeing the United States as its last untapped gold mine, is spending hundreds of millions for advertising, and for lobbying government officials to keep it that way.

Consider, for instance, the battle the drug industry has launched to defeat several bipartisan proposals to allow retailers and pharmacies to re-import prescription drugs from abroad. Although the drugs are manufactured in the United States, re-importing them (instead of purchasing them outright in the United States) allows them to be purchased at a fraction of their original U.S. prices. Lawmakers see the measure as the most immediate way to contain or even lower rising drug prices (see Congressional Closeup in this issue).

The Pharmaceutical Research and Manufacturers Association, the lobbying organization for the drug companies, is in a pitched battle to derail the plan, running commercials in 28 television markets and a major print media campaign with full-page ads in 60 newspapers across the country.

The drug industry is also going to wild lengths to circumvent a new state law in Maine, the first in the nation which threatens the pharmaceutical industry with price controls on prescription drugs if companies refuse to negotiate lower drug prices for residents in the state. At least one major drug manufacturer, SmithKline Beecham, has made a “business deci-

sion” to now ship its drugs only to wholesalers based in other states — in order to skirt the possibilities of price regulations.

## Toll of Death to Elderly

Providing some form of prescription drug coverage for the elderly through the Federal Medicare program is now a major issue in the election campaigns (Medicare, the Federal health insurance program for older and disabled Americans, does not cover prescription drugs other than those used in hospital stays). The elderly constitute only 13% of the population, but account for 34% of all prescriptions dispensed and 42¢ of every dollar spent on prescription drugs.

According to the advocacy group Families USA (“Cost Overdose: Growth in Drug Spending for the Elderly 1992-2010,” July 31, 2000), spending for prescription drugs for the elderly grew from \$18.5 billion in 1992 to \$42.9 billion in 2000, an increase of 132%. During the same period, senior health care spending grew by 71%. The average costs per prescription for the elderly increased from \$28.50 in 1992 to \$42.30 in 2000 — an increase of 48%.

The crisis is made worse by the understated cost of living adjustments (COLA) to Social Security benefits, upon which the retired elderly depend. While senior citizens are now rationing their medications and food intake, the Federal government is looting them out of billions of dollars by basing the COLA on patently fraudulent, low inflation rates (see Richard Freeman, “Lies About Inflation Are Being Used To Loot the Population,” *EIR*, Sept. 29, 2000).

Unless some form of Medicare coverage for medications is instituted, Medicare beneficiaries must purchase extra or supplemental (Medigap) insurance to cover the costs of their medications. Such insurance is now so expensive that only 8% of 40 million Medicare beneficiaries are able to purchase Medigap insurance that includes prescription drugs. The average income of most elderly Americans is about \$13,800 (below the Federal poverty level of \$16,700 in 2000 for a single person). At any point, 35% of 40 million Medicare beneficiaries are without any insurance for prescription drugs. Nearly half of Medicare beneficiaries are without coverage for some or all of the year. Studies show that those without drug coverage frequently go without needed medicines, and purchase 11 fewer medications a year than those with drug insurance.

The obvious answer is to make prescription drug coverage a basic part of the Medicare program, allowing the Federal government to use its purchasing power to bargain decent prices for prescription drugs for this population. But “free market” forces, greased with hundreds of millions that the drug companies are pouring into Republican electoral campaigns, are working to block such a critically needed policy. In fact, the “Medicare modernization” proposal by Bush, would give the drug and insurance “market” free rein to dictate whatever drug insurance premiums rates and drug costs it wishes. Should that occur, or the policies behind the explosion in pharmaceutical prices be allowed to continue, the general welfare of the citizenry will go completely out the window.

# Economic Crisis Leads To Growing Strike Wave

by Marianna Wertz and Linda Everett

The effects of the global economic collapse, and especially the growing crisis brought on by the rising price of oil, are beginning to awaken labor ferment in the United States. A series of strikes and labor actions, from coast to coast, indicates that even the sell-out of labor's interests by the AFL-CIO leadership, in endorsing Al Gore's Presidential campaign, has not totally pacified rank-and-file unionists, whose pockets are getting emptier and emptier.

The center of this ferment is in California, where more than 4,400 Los Angeles Metropolitan Transit Authority bus and rail drivers struck at 12:01 a.m. on Sept. 16. The drivers struck when the Metropolitan Transit Authority, facing huge deficits in the coming years, attempted to force the union to accept 15% reductions in overtime (a major source of drivers' income) and in pension payments.

The bus drivers' strike is creating real difficulties for about half a million Angelinos who rely on mass transit, many of whom are very poor themselves, but the strikers, under intense pressure, are sticking to their guns.

James Williams, chief negotiator for the striking United Transportation Union, declared, when negotiations broke off on Sept. 27, "We are not going to accept a contract on the backs of operators I represent. We are going to stay out here till we get the job done."

On top of this strike, 47,000 Los Angeles County workers, organized by Service Employees Local 660, are expected to strike on Oct. 2, barring a last-minute compromise. County workers are pushing for far more than the offered 9% pay raise over three years, to make up for pay cuts over the last four years. A 15.5% raise would simply return members' inflation-adjusted pay back to the 1990 level.

## Truckers in Motion

The rising price of diesel fuel is prompting action from American independent truckers, which is beginning to mirror the huge ferment that has shut down whole nations in Europe in recent weeks (see article in this issue). In Alabama, on Sept. 16, some 60 independent truckers and their friends held an impromptu rally in Thomasville, protesting the rising fuel prices that are strangling their businesses and forcing many of them into near-term bankruptcy. Last year, independent truckers paid an average of \$1.12 per gallon for diesel; this

year, the cost is \$1.64 or higher.

The rising price of diesel was the immediate catalyst for an independent port truckers action on Sept. 26. Drivers in Oakland, California, formed a demonstration convoy at the Port of Oakland marine terminal, to protest "high fuel prices, low pay, and chaotic marine terminal operations," which, they say, are driving America's immigrant port drivers "to despair." Similar protests occurred in Long Beach, California, and in a dozen other ports coast to coast.

At the Long Beach demonstration, organizers with Lyndon LaRouche's political movement distributed LaRouche's recent statement on the oil crisis (see last week's issue) to the 100 or so largely Hispanic drivers, many of whom were eager to be recontacted. These California port drivers are among the lowest paid and overworked group of laborers in the country. The Long Beach rally came on the heels of a growing number of bankruptcies at port companies and spontaneous work stoppages by port drivers around the United States and Canada, according to the International Brotherhood of Teamsters.

On Oct. 4, the Teamsters will hold protests at ports around the nation, to galvanize the 50,000 independent truckers into action against the rising oil prices and bad working conditions, and in hopes of eventually being able to organize the independents into the union.

## Nurses Strike

On the other side of the continent, about 1,500 nurses at the Washington Hospital Center, in the nation's capital, voted overwhelmingly on Sept. 19 to strike, against mandatory overtime of up to 16-17 hours and the requirement that nurses care for as many as a dozen patients (when five is appropriate) as a solution to the hospital's routine understaffing problems. The hospital, which is owned by MedStar (which recently acquired Georgetown University Hospital and immediately threatened to shut down its trauma care units, among others), is also forcing nurses to take assignments on units where they lack expertise.

As one representative of the District of Columbia Nurses Association, the union which represents the hospital's nurses, told *EIR*, staff trained to care for patients on the medical surgical unit, are told to staff the critical care units, which requires a much higher level of expertise. Yet, if there is a mishap, it is the nurse who is ultimately responsible legally for the lives of the patients. Continually shifting nurses to cover staff shortages, creates inherent instability in the care of acutely ill patients, leading to very high turnover rates at the hospital.

Besides the staffing crisis, nurses also asked for a 10% cost-of-living increase over three years. The hospital's response has been to hire 500 nurse replacements at \$5,000 a week — drawing them from low-wage states across the country — while the compensation package the union is asking for, is less than \$5,000 per year.



# DOJ Joins Cover-Up of Diana-Dodi Murders

by Jeffrey Steinberg

*EIR* has obtained a copy of a letter from a senior official of the U.S. Justice Department (DOJ), to attorneys representing Mohamed Al Fayed, implicating the DOJ in the continuing cover-up of the wrongful deaths of Princess Diana and Dodi Fayed on Aug. 31, 1997.

On Sept. 14, 2000, Wilma A. Lewis, the United States Attorney for the District of Columbia, wrote to attorney David Kendall, who represents Al Fayed, informing him that the DOJ had concluded that there was “insufficient credible evidence to mount a criminal prosecution” against Oswald LeWinter and several other U.S. citizens, who had attempted to extort \$20 million from Al Fayed, in return for purported “CIA documents” proving that British Intelligence had assassinated Princess Diana and Al Fayed’s son, Dodi.

According to sources familiar with the case, the Justice Department refused even to send investigators to Vienna, Austria, to interview LeWinter about the forged documents, and the roles of his co-conspirators, including Hollywood attorney Keith Fler and self-described “former CIA agent” Pat McMillan. LeWinter has already been convicted in Austria for his role in the \$20 million phony document scheme, and is serving a four-year jail sentence there.

While the Justice Department has claimed that there is insufficient evidence to prosecute LeWinter’s acknowledged co-conspirators, Al Fayed’s representatives have emphasized that the U.S. government’s attitude toward the case changed drastically once it was discovered that LeWinter was one of the players in the multimillion-dollar scam. While the U.S. government has consistently denied that LeWinter ever had any formal relationship with the CIA or any other U.S. intelligence agency, sources inside the CIA have told *EIR* that LeWinter, indeed, was an “informant” for the Agency through the late 1970s, and may have maintained relations with individual officials in the Operations Directorate more recently. Furthermore, LeWinter figured prominently in the efforts to cover up the so-called “October Surprise” affair, in which the Republican Party purportedly blocked the release of American hostages in Iran until after the November 1980 Presidential elections, to secure the defeat of Jimmy Carter and the election of Ronald Reagan and George Bush.

## Behind the Forgeries

LeWinter, who publicly touts the fact that he was, at one

time, a CIA operator, has told reporters that, although the documents that he tried to sell to Al Fayed in April 1998 were indeed forgeries, the content of the documents was based on actual material in U.S. government possession. The documents seized by U.S. and Austrian authorities at LeWinter’s Vienna hotel room after his arrest, suggest that MI6 had contracted Israeli covert operations teams based in Europe, to stalk Princess Diana and Dodi Fayed, and set up their “accidental” deaths in the Aug. 31, 1997 Paris car crash.

Even while determining not to pursue the case further, U.S. Attorney Lewis did acknowledge that Al Fayed was the target of a criminal fraud; and, at the outset of the investigation, prosecutors in her office had admitted that the LeWinter gang, including Fler and others, had committed interstate wire fraud and other crimes. Indeed, Al Fayed, at the behest of the Justice Department, had provided LeWinter, Fler, et al. with \$25,000, to cover their travel costs to Austria, where U.S. and Austrian police set up a “sting.” Al Fayed is still out the \$25,000, but now the DOJ is saying that there is no basis for prosecuting even on the interstate wire fraud charges.

While the DOJ has now been publicly caught, advancing the effort to bury the evidence about what truly happened in Paris in the Alma tunnel three years ago, this latest cover-up may not hold.

As *EIR* reported last week, on Aug. 31, Al Fayed filed a Federal lawsuit in Washington, under the Freedom of Information Act, seeking records from every major U.S. government intelligence and law enforcement agency, including the DOJ, relating to the Paris crash and the LeWinter extortion scheme.

The National Security Agency has admitted, in writing, to having more than 1,000 pages of documents related to Princess Diana. The U.S. Congress is probing the NSA’s “Echelon” computer surveillance system, which tracked Princess Diana’s telephone conversations.

Al Fayed has charged that the British establishment, the House of Windsor, and MI6 were all complicit in the murder of Diana and Dodi. He has not accused the United States government of playing any role in the actual events in Paris; however, he is convinced—with good reason—that documents in the possession of U.S. intelligence agencies could hold the key to unraveling the Paris events. And he is likely to pursue that fight, using every means at his disposal.

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# Maryland Farmer Dumps Eggs, Warns Public of Food Crisis

*During the first week of September, Maryland farmer Randy Sowers dumped 12,000 eggs on his farm in Frederick County, in protest of the ultra-low price offered him, and others, by Minneapolis-based Michael Foods, the world's largest egg-processing company, which controls 40% of the U.S. egg-product supply. On Sept. 21, Lawrence Freeman interviewed Sowers at his farm, for a segment to be aired on the TV show, The LaRouche Connection. The following are excerpts from that taping. Sowers, a large producer of milk, as well as eggs and other products, is nationally prominent for his testimony on the U.S. farm crisis, to the June 2000 Ad Hoc Democratic Party Platform hearings.*

**EIR:** You made some news during the first week of September. You dumped over 12,000 eggs in protest here. What caused you to take such a radical action?

**Sowers:** Well, we've had chickens here for 10 years, and I never knew too much about [market] price eggs because we were under contract for six of those years, where we were paid to keep chickens for somebody else. We found out after about six years, that that's not what we wanted to do. They were telling us what to do, and they were paying us less for keeping their chickens, and they cut the bonuses out, so we decided to put our own chickens in house. This is a \$350,000 investment for chickens.

The first year, we did pretty well on eggs, except that in the beginning, when eggs are small, they don't want to give you anything for them. I think the first flock, we probably took somewhere around 9¢ a dozen for eggs. . . . The second flock turned out to be a disaster, complete. We took a little bit of nothing for eggs in the beginning, and we knew that the price of eggs wasn't going to be good for that two years, because that's what they figured it was going to be, but we didn't know it was going to be as bad as it was.

On the average, last year, from June 1999 to June 2000, we only averaged 25¢ on Grade A large eggs, which is what the market is.

**EIR:** You were getting paid only 25¢ a dozen?

**Sowers:** That's what it averaged. Even there, before Christmas—the market between Thanksgiving and Christmas is usually the best, because people do a lot of baking and things like that for the holidays, and the price of eggs is usually pretty

good. But last December, we got 17¢ for those eggs. So I knew then that there was definitely a problem, because they were still \$1 in the store. And they keep hollering about “over-production,” but I never saw where any of the processors were dumping eggs, or refusing to buy them for some price from somebody. If there were too many and they had no use for them, why would they even want to give you 6¢ for them? Because it amounts to a good bit of money after a while at 6¢.

So, we put the third flock in, and they started telling me that it was going to be 6¢, but actually it was 3¢.

**EIR:** They were going to pay you 3¢ a dozen?

**Sowers:** Three¢ for the small eggs, yes. They don't grade the eggs in the beginning, and actually, a lot of those eggs are mediums, and there are some large eggs in those, because chickens, in the beginning, lay all different size eggs. They even lay some jumbos. But 3¢ is all we were going to get for them.

It was Monday morning, and I had thought about it all night—we milk from midnight to four or five o'clock, and then we lay back down until nine—so when I got up at nine o'clock, I just started calling newspapers and said, I am going to dump these eggs. They are not giving me enough for them.

**EIR:** So your contract is with Michael Foods. . . . Did they just break the contract, by saying they were going to pay you 6¢, or 3¢? Is that what happened?

**Sowers:** Oh, they don't actually give you a contract telling you they're going to pay you, per se, so much a dozen for eggs. They tell you that they're going to pay you on a certain formula. . . .

There are two different prices—there are different regional prices, but there are two different prices on eggs. One of them is a *shell market* price, and one of them is a *breaker market* price.

Michael Foods is a breaker. And what they do is, they break these eggs, and use the liquid. They may pasteurize it and sell it to nursing homes, or they might sell it to McDonalds as egg patties. There are a lot of different things they make out of eggs. Cake mixes have eggs in them, and mayonnaise has eggs. Everything you eat, pretty much has eggs in it, especially if it's a baked good. And a lot of this stuff goes to those people.



*Randy Sowers at his farm in Maryland. "We, as independents, just don't have a market anymore to go to, unless we develop our own markets, and that's what's going to have to happen."*

And Michael Foods is the biggest one in the country. And ever since we've had a chicken house, the eggs went to that production facility. It was always Papetti, or Quaker State Farms, until Michael Foods took them over about four years ago.

**EIR:** Do you have a formal contract with them? What did they tell you that they were going to pay you? Is there nothing you can do about it?

**Sowers:** Well, how they were going to pay me, is an average of what the shell market is. All these processors pay the producers 30¢ back of whatever the market price is that's set in New Jersey, which is usually 60¢ less than what they are retailing for. Then, the breaker price is less than the shell market, so Michael Foods was averaging the shell market and the breaker price together, and that's what it was paying us.

**EIR:** That came out to be what?

**Sowers:** Last year, I averaged 25¢ a dozen. The year before it was probably 55 or 60¢ a dozen—or the other flock, not actually a year. A flock lasts almost two years.

Last July, Michael Foods sends a letter and said, you know, we're not going to pay you on that formula anymore. And when he contracts, or gives you a formula, it is for the entire flock. So, what happened is, the breaker price got so far below the shell market price, that he didn't want to pay us that difference, which would have amounted to 5¢ a dozen, which is, you know, a \$100,000 in a year for us, when the production is what we get. So what he did, actually cost me \$100,000.

He said, "We can't honor that formula price anymore. We are going to pay you strictly by the breaker price."

**EIR:** And that came out to be 6¢ a dozen?

**Sowers:** Five or 6¢ a dozen. It varied a little bit. I don't know exactly what it was.

**EIR:** We're talking about less than half a penny per egg here!

**Sowers:** Yes, but you know, that amounts to \$100,000 in a year.

**EIR:** So, you just woke up in the morning and said, "I've had it."

**Sowers:** Pretty much.

**EIR:** What do you need to get for eggs?

**Sowers:** To make a decent profit, we would probably have to have 50¢.

**EIR:** And what are you getting today, Sept. 21?

**Sowers:** The ones going out of here today, I think we'll probably get around 15¢ for.

**EIR:** So it's about 35¢ a dozen less than you need to keep the operation going.

**Sowers:** If they were large eggs, today we'd probably get 40¢.

**EIR:** In 1999, did you make money, or lose money on your eggs?

**Sowers:** In 1999, I lost money.

**EIR:** How much did you lose?

**Sowers:** Depends on how you figure it. On a normal contract, somebody would pay me \$3,200 a month to keep their chickens. So, I say I lost \$150,000—because that's how much I owe on feed and the chickens yet. But I didn't get anything for my labor, or that does not count the labor we paid somebody else to keep those chickens. That's just the loss on feed and chickens.

**EIR:** How are we doing in the year 2000?

**Sowers:** Well, so far, I haven't gotten a check yet from this flock of chickens, and I am sure that I have a feed bill that's probably \$50,000 already.

**EIR:** A \$50,000 feed bill covers how many months?

**Sowers:** That's just one month.

**EIR:** So, you'll have a feed bill of \$600,000 for chickens per year?

**Sowers:** It'll be a little more than that. It'll depend on the price of feed, and the price of feed right now is pretty low, but I think that's how they price these commodities—by how much our input costs are. Because it doesn't matter what the price of feed is, we just can't seem to make anything off them. We can pay the bills usually. But you would think that when the feed price is cheap, and when the price of eggs in the store is the same, that at least the farmers ought to be able to make money that year. But it seems like the price we receive, and the commodity prices, kind of go hand-in-hand. They kind of go up and down together.

**EIR:** You also have a modern dairy operation, with around 400 cows. You own 350 acres, you rent another 1,650 acres on top of that, and farm 2,000 acres. So, according to all normal laws of being a productive businessman, and entrepreneur, you've expanded tremendously, you've modernized, you've diversified—you've done everything right. Why are you still losing money as a farmer? Why don't profits in one area, make up for losses in another year by year?

**Sowers:** If you consider everything, in 20 years I haven't paid a cent in taxes. So I don't know what that tells you; it tells me that I'm not making any money.

**EIR:** And this is something that the consumers don't understand at all. They just see this food appear on their shelves. And they have no idea of the amount of work and investment that goes into producing food, which you're forced to sell under the price of what it actually costs you to produce.

**Sowers:** Definitely. And what farmers need from the government and the general public, is to know what is going on out here. Independents like me are becoming an extinct group, because most people are just using their—they're building

facilities and using their land to grow food for mega-corporations. They think that's the way to go, but you're kind of—I'd say, you're just as much a slave as people were slaves back before the Civil War. You have really no say about what's going on. You are responsible for the upkeep of the equipment, the buildings, and you are responsible for all the manure that's produced there. You have to get rid of it. So if there are any problems there, the farmer is responsible, not the guy that actually owns the animals and is making the money off it.

These guys are what you call "integrators," who own the product from the time it is born, until it goes to retail. We, as independents, just don't have a market anymore to go to, unless we develop our own markets, and that's what's going to have to happen. The independent people are going to have to retail their own product. You have to become small integrators, or you can't stay in business.

**EIR:** What are your milk price losses right now?

**Sowers:** In 1981, when we first started, we were getting \$14.50 a hundred [pounds] for milk. Today, we're getting \$3 a hundred less for milk than we were in 1981. All last year, we might average \$11.50 for milk, which is about 80¢ a gallon. And when I had somebody come in here in 1981 to work on equipment for me, it costs me \$15 an hour, and today it costs me \$60 an hour. What we paid somebody to haul milk back then was about 30¢ a hundred, and today it's 50¢. Our income has been reduced by 30%. And everything else has gone up 300%.

The price of milk in the stores has probably gone from a \$1.50 to \$1.60 to almost \$3.00 a gallon in that period of time, and we're taking less in for milk now than we did then.

We thought getting bigger was the answer, because it just seemed like it would make sense. We've got the facilities, and we might as well milk more cows, and maybe we'll make a little more profit. But it doesn't work. The bigger you get, the less we get for it. And, with the eggs, and everything else in farming, that's the attitude farmers have taken for the last ten years, but it's not working.

As agriculture gets consolidated into fewer and fewer entities and mega-corporations that buy our product, they try to figure what our costs are, and just try to keep us in business. If there is any money to be made over and above what they think we need to stay in business, they're the ones that are going to make it. They're not going to let us have it.

So, we just started today on a building for processing our own dairy products. And we're not going to let any of this get away from us. We're going to retail it. . . . And the more farmers that can do it, and take our product away from Kraft Foods [owned by Philip Morris], and Michael Foods, and the other corporations that are taking the product from us, the better chance that we have of getting these guys back down to marketing something else besides agriculture products. . . . Because it's not good for the farmers, for sure. And it's defi-

nitely not good for the consumer, because, as soon as they get rid of me, and people like me, and they have complete control of the food chain, you are going to be in the same boat you are with gas and home heating oil, because they're the only people you're going to be able to get it from, and they're going to tell you what you're going to pay, and you're not going to have any choice but to pay it.

**EIR:** We've estimated that probably well over a million family farmers across the United States have been thrown off the land in the last 20 years. Frederick County, the first- or second-richest dairy-producing county in the East Coast—there was a statistic in Maryland, that a farm is lost every month now. How many farms in this area have gone under in the recent months or years?

**Sowers:** Well, there's very few of them per se that have gone under. We're farmers whose kids are not interested, because they've seen what their parents have gone through their whole life, and they see what their friends are doing. They are going out and getting these jobs making \$30-40,000 a year—off every other day, and don't have to work Saturdays and Sundays. You know, they say, "Why should we do this? Why should we do this? So what other choice do the parents have? They sell their farm to whoever has the most money—which you can't blame them for that. And most of these farms are developed. We've lost six farms—dairy farms, just in this area in the last six months. One guy, he's like an eighth-generation farmer on the farm: He just woke up one morning and said, "The hell with this. Why should I do this?" So he quit.

**EIR:** So, you farmers are producing food that people want. You're investing, expanding, working your tails off every day. What's going on here that you guys can't make a living and can't prosper?

**Sowers:** I think it has to do with educating the people with what really goes on. Food doesn't get manufactured in some kind of a plant somewhere. It's got to come from farmers, and people just don't realize what we go through day to day. We try to educate people. We get a lot of people in here, and we try to tell them what goes on. That was one reason for dumping eggs, because I wanted to be able to show people what actually goes on, and what we actually get for products, and how much they pay for them when they have to go to the store and buy them.

One of the statistics that I've seen lately, showed that the average American farmer was paid an average of \$25,000 in government subsidies last year, and the average farm income was \$5,000. So, every farmer in this country lost \$20,000, that the government gave them just to keep them in business.

**EIR:** As you pointed out, you feel like a slave.

**Sowers:** Yes, if we continue to produce and market the way we do. Farmers have to, as I say, become "integrators," and

go right to the general public with it. So we get that difference between the 80¢ that we get for milk, and the \$3 it's bringing at retail level. Or the 10¢ that we get for a dozen eggs, that are bringing 80¢ at retail. We have to take it upon ourselves, which—I'd say is pretty pathetic. We have to go through all the stress—especially in animal agriculture, because animals get sick, animals die. That's a loss that we take. This guy that's taking this product from us, and retail, he doesn't have to worry about that. He's getting a good product. If we don't produce a good product, he won't take it from you. He has a right to accept or reject, whatever you are giving him. And he'll give you what he wants to give you for it.

We should just have to produce it. We shouldn't have to sell it. And, with the difference in what we get for the product, and what it's actually sold at retail, everybody could make a good living. We'd have more farmers. I wouldn't have to have 300 cows, I could have a 100 cows and make a living. And maybe I'd have a life. We could go to the fair. Right now, the Frederick Fair is going on—it's ten days, and I got to go in two hours the other day, to look at the machinery. But that's probably all I'll get to go. Because I have so much work to do, that we just can't get away.

**EIR:** There is the concept of parity, that was introduced many times the last century. It's whittled down to nothing. Could you explain what the concept of parity is, and what it means to your farm operation?

**Sowers:** From what I understand of the concept, parity is supposed to guarantee the producer a profit—meaning enough to cover what it costs to produce it, plus to make a fair profit above that. It's never been that way since I've been farming, since 1981.

**EIR:** Now we're in the election year, do you see any candidates, or any policies coming out from any candidates, that seriously address this issue, or are we just going to get more of the same, and see more family farmers go under, and work themselves to death?

**Sowers:** If you look at your candidates in your newspaper, and you vote for either one of those, or there's probably three, that you see a little bit about, you've just signed a death warrant for most family farms, I think.

The one candidate that you don't hear anything about is Lyndon LaRouche, whom I met actually 10 years ago. I was kind of skeptical, because of things you heard then, about it. But, I went to a conference in Chicago, and met the man myself, and he told us what his policies were, and what he thought was going on in this country, and it seemed to be the same thing I was thinking. I never heard anybody else say it. I think somebody like Lyndon LaRouche, that has a sense of—what word am I looking for—common sense. There is no common sense in our government today. We need common sense, and common sense could get this all straightened out.

That's where my vote would have to go right now.

## Appropriations Process Crashes into Disarray

The appropriations process crashed into a brick wall on Sept. 20, when the Senate rejected, by a vote of 69-28, the combined Legislative Branch/Treasury Department, Postal Service, and General Government appropriations bill conference report. Democrats, without exception, were incensed at the process by which a bill that was never considered on the floor of the Senate, the Treasury bill, could be attached to a conference report. The 26 Republicans who joined the Democrats in opposition to the bill, which included a Congressional pay raise, complained that it had too much "pork."

The unexpected rejection of the Legislative Branch-Treasury bill left the GOP leadership casting about for a way out of the jam. With only days to go before the targeted Oct. 6 adjournment date, only the Military Construction and Defense appropriations bills have been signed into law. The Senate has also yet to act on the Commerce, Justice, State and the Judiciary bill, the District of Columbia bill, and the Veterans Affairs, Housing, and Urban Development bill. The remainder are languishing in conference committees.

Senate Republicans seeking a way out of the impasse have suggested that a lame duck session, after the Nov. 7 elections, might be necessary. Appropriations Committee Chairman Ted Stevens (R-Ak.) warned of such a possibility during debate on the Legislative Branch-Treasury bill if the bill was defeated. After the vote, Senate Majority Leader Trent Lott (R-Miss.) indicated that there would be a lame duck session, but this was firmly rejected by the House GOP leadership. House Majority Whip Tom DeLay (R-

Tex.) said on Sept. 21 that "we hit a little bump in the road" in the Senate, but he expressed confidence that the bill could be passed.

## Deregulation Comes Under Fire in House Hearing

Energy Secretary Bill Richardson, Environmental Protection Agency Administrator Carol Browner, and Federal Energy Regulatory Commission chairman James Hoecker appeared before the House Government Reform and Oversight Committee on Sept. 21, to explain the current energy situation. They met more than the usual partisan accusations that the Administration has no energy policy. Even Democrats on the committee were dubious of the Clinton Administration's explanations regarding the high prices for oil, natural gas, and electricity.

While many of the comments from committee members focussed on environmental regulations, such as those dictating the blends of gasolines and other fuels, deregulation also became an issue. Henry Waxman (D-Calif.), the ranking member on the panel, noted that the Republicans have, in recent years, been pushing for the abolition of the Department of Energy and the sale of the Strategic Petroleum Reserve. However, "the states, too, have made mistakes. With hindsight, the deregulation efforts in California may have serious flaws, allowing energy suppliers to manipulate the market and raise prices through the roof."

Janice Schakowsky (D-Ill.) was even more pointed. "It seems to me," she said, "that we are now reaping the rewards of [deregulating natural gas] and that if we want to point fingers, we should look at big oil and big gas and say how come at a time when anyone

could predict shortages, that we're seeing a decrease in production and, remarkably, a dramatic increase in profits?"

## Prospects Improve for Drug Re-Importation

Unable to agree on a prescription drug plan for Medicare, Congressional leaders are, instead, coming closer to allowing re-importation of prescription drugs from outside the United States. An amendment in the Department of Agriculture appropriations bill would allow pharmacists and distributors to re-import U.S.-made prescriptions drugs sold in other countries, subject to certification by the Food and Drug Administration.

Boosters of the plan, including Rep. Bernie Sanders (I-Vt.) and Sen. Byron Dorgan (D-N.D.), contend that it would bring down costs due to greater competition. Sanders contends that his Vermont constituents have purchased drugs in Canada for as little as 10% of the prices charged in the United States. Dorgan argues that the measure would have a huge impact because "pharmacies and distributors will simply access a cheaper supply, forcing the industry to re-price."

However, the Agriculture spending bill, like a number of others, is hung up in conference committee, largely over the issue of lifting sanctions on food and medicine to countries such as Cuba. In fact, Dorgan has been complaining that, despite the fact that both House and Senate versions of the bill were passed in July, the conference has yet to meet.

As for the prescription drug issue, Senate Majority Leader Trent Lott (R-Miss.) told reporters on Sept. 26 that he has proposed to President Clinton

that they sit down and talk and come to some agreement on the issue. Lott reported that Clinton "didn't respond directly to that suggestion," but "that's the kind of back and forth that we're going to have to do to see if we can find some common ground."

## **Butler Brings Latest Iraq Provocation to Hill**

Former UN Special Commission chairman Richard Butler brought his latest provocation against Iraq to Capitol Hill on Sept. 26, in an appearance before the House International Relations Committee, chaired by Benjamin Gilman (R-N.Y.). Joining Butler was former Rep. Stephen Solarz (D-N.Y.), who was even more bellicose than Butler.

After painting Iraqi President Saddam Hussein as the biggest threat in the world, Butler turned his ire against Russia and France, in particular, for challenging the economic sanctions. He accused France and Russia of "causing the destruction" of the authority of the UN Security Council by their behavior with respect to the sanctions, and thereby threatening the credibility of the various non-proliferation regimes, such as the Nuclear Non-Proliferation Treaty and the Chemical Warfare Convention. He called the UN Security Council "the policeman on the block" when it comes to enforcing these regimes, and if Saddam gets away with violating them, then "the credibility of these treaties will be challenged around the world."

Butler called for the establishment of a "fourth redline," in reference to Secretary of State Madeline Albright's three redlines, which, if Iraq

were to cross, would trigger military action by the United States. He declared that the United States must make clear to Russia that its policy toward Iraq "is not acceptable to the United States and its behavior is not fitting for a permanent member of the Security Council."

Solarz called for backing the Iraqi opposition, not only with military equipment, but also with a commitment to use U.S. ground and air forces to support an uprising against the Iraq government. He said that the Iraq Liberation Act, signed into law in 1998, depends on certain contiguous countries, specifically Kuwait, Jordan, and Turkey, being willing to serve as havens for the Iraqi opposition, but that they will be unwilling to stick their necks out unless we show them "we're willing to put our military where our mouth is."

Sam Gejdenson (D-Conn.), the ranking member on the committee, challenged Solarz over his assertions that the Iraqi National Congress could somehow be turned into a viable opposition force. Gejdenson declared, "It is unlikely that people who spend their days in hotels in London and France will lead a revolution." He also noted that there's little support within the region for either continuing the current policy, or for a more aggressive policy of supporting the opposition. Solarz was reduced to repeating his contention that countries of the region would move if they saw a commitment to use force coming from the United States. The assertion left Gejdenson unconvinced.

Dana Rohrabacher (R-Calif.) told Gejdenson that a policy such as Solarz was proposing for Iraq worked in both Nicaragua and Afghanistan. Gejdenson shot back, "The Contras didn't win the war, they lost the election, and in

Afghanistan, we might've been better off if the Russian's had stayed!"

## **Clinton, Dems Frustrated over Judicial Nominees**

In a speech to the Michigan Bar Association on Sept. 21, President Clinton blasted the Senate Judiciary Committee for the slow pace of confirming his judicial nominees. Clinton told the lawyers that there are 42 nominations pending, 34 of whom have never had a hearing.

Clinton said that he has tried to select nominees who "are broadly reflective of our country in terms of gender and race and different background experiences." However, the 4th Circuit, which covers the southeastern part of the country, has the highest percentage of African-Americans in the population, but none in Federal judgeships. This, despite the fact that one-third of its judgeships are vacant. (There are two African-American nominees pending.) Clinton called this situation a "denial of justice."

On the same day, Clinton was backed up from the floor of the Senate by Patrick Leahy (D-Vt.), the ranking member on the Senate Judiciary Committee. Leahy reported that the committee hasn't held any confirmation hearings since July. He also reported that votes are being blocked on a number of nominees on whom the committee has already held hearings. Leahy scoffed at the notion that it's too late in the session, as committee chairman Orrin Hatch (R-Utah) has said, to move any more nominations, and gave examples where the committee disposed of nominations in as little as six days. He called on the Senate to "meet its responsibilities to all nominees, including women and minorities."

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## Holbrooke Calls for War Crimes Tribunal

U.S. Ambassador to the United Nations Richard Holbrooke called on the UN to impose a war crimes tribunal on Indonesia's role in East Timor, *The Nation* of Bangkok reported on Sept. 18. UN Security Council Resolution 1319, passed on Sept. 8, only called for those responsible for the Sept. 16 killings of three UN relief workers to be "brought to justice." But Holbrooke, in a neo-colonialist diatribe, charged that "the Indonesian military are directly or indirectly responsible," and that they want to "drive out of West Timor the international relief community so that they can return part of that island to the terror that it underwent from 1975 until 1999 and then spread that terror east." He then called for an international tribunal.

Indonesian President Abdurrahman Wahid, in response to this outburst, said: "Our international friends demand us to do this and that, but they don't give us the necessary tools to operate. . . . I hope that our international friends will be ready to bear the cost of relocating refugees from West Timor to other parts of Indonesia."

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## Secret Service Breach During Vajpayee Visit

The U.S. Secret Service allowed an unauthorized person to get to the bedroom of visiting Indian Prime Minister B.J. Vajpayee in the official guesthouse, Blair House, in Washington on Sept. 16.

The incident was only revealed by the U.S. Secret Service on Sept. 19.

Blair House is located across from the White House, and access to the House was controlled by the Secret Service. But, an Indian-American asked to enter, claiming he had an appointment with the Prime Minister, and the Secret Service agent on duty, in violation of all regulations, allowed him to enter, and go to the bedroom of Vajpayee, who

was at a reception at the time. There, the intruder was stopped by Indian security. They apprehended him, and turned him over to the Secret Service, who, after the Indian security protest, had to admit to a "security lapse." It was then learned that the intruder had a female accomplice, who was waiting for him outside.

U.S. Secret Service spokesman Mark Connolly said that an intruder, identified as Dipal Pandya, had been arrested for unlawful entry. Connolly attempted to play down the incident, claiming, "The Prime Minister was not in the Blair House at the time and was not in any danger."

During official visits by foreign leaders to Blair House, security is supposedly increased, with barricades restricting pedestrian traffic set up around the house.

This event should be seen in the light of the series of U.S. provocations against foreign leaders, including the rough treatment given to German Defense Minister Rudolf Scharping at the U.S. Defense Department (his car was smashed by a security barrier as he entered the main gate at the Pentagon), and the insulting treatment of North Korea's head of state, who was ordered to submit to a strip-search by American Airlines officials at Frankfurt Airport.

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## Rep. Weldon May Probe Sinking of the Kursk

Saying that he is not completely convinced by Pentagon denials of any U.S. involvement in the sinking of the Russian submarine *Kursk*, Rep. Curt Weldon (R-Pa.) says that he may begin an official inquiry, or hold hearings.

In a Sept. 13 interview with *Inside the Navy*, Weldon said that the Clinton Administration had not yet shown him enough evidence to convince him of the accuracy of Defense Department denials of Russian charges that the submarine sank on Aug. 12 as the result of a collision with a foreign vessel. "I'm a little bit less concerned now," he said, "but I'm not convinced it didn't occur, and that's going to be a question I'll be asking if and when I get contacted by the Ad-

ministration on my letter."

"I'll believe it when I'm given the appropriate data," Weldon said. "I hate to say this, but sometimes I have to question my own government and sometimes my own military. I've seen enough evidence certainly in this administration of tampering with facts."

Weldon added that he thinks the United States knew about the loss of the *Kursk* as soon as it happened. "I think we knew exactly when it went down," he said. "I think we knew based on intelligence when it happened. We may not want to reveal it, but my hunch is we knew immediately."

"We have capabilities that we could have and should have used to save lives," Weldon declared.

Weldon has long been active in joint meetings and exchanges between the U.S. Congress and the Russian State Duma. He and Boris Gryzlov, a leader of the Unity faction in the Duma, are appealing to Presidents Clinton and Putin to develop a protocol to handle emergencies aboard U.S. and Russian military and research vessels.

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## Cox Issues Partisan Blast on Russia Policy

The House Speaker's Advisory Group on Russia, chaired by Rep. Chris Cox (R-Calif.), on Sept. 18 released its report on the Clinton Administration's policy toward Russia. Titled "Russia's Road to Corruption," it is largely a political document that lays the blame for the crisis in U.S.-Russia relations, and in the Russian economy, at the door of President Clinton and Vice President Gore, ignoring the role of the previous George Bush Administration.

The first chapter of the report covers the events of 1991, including the coup against Soviet President Mikhail Gorbachov, but it doesn't even mention the name of Robert Strauss, the Democratic Party kingmaker whom Bush sent to Moscow as Ambassador during the coup. As Lyndon LaRouche said at the time, Bush had sent "the Prince of Thieves" to Moscow "to teach the Russians how to steal." Instead, the report praises Bush for "supporting Yeltsin and the Rus-



sian people.”

Democrats noted sarcastically that the report was released just weeks before the Presidential election. Five ranking Democrats on the Armed Services, Banking, Appropriations, Intelligence, and International Relations Committees sent a letter, on Sept. 18, to House Speaker Dennis Hastert (R-Ill.), complaining that they were not invited to any of the advisory groups’ meetings and had yet to see the report, even though it had been leaked to the press. “This is a political hatchet job,” said Rep. Sam Gejdenson (D-Conn.). “They wrote this report trying to distort the Administration’s record on Russia.”

On Sept. 20, Condoleezza Rice, the foreign policy adviser for George W. Bush, came out in support of the Cox Report. She proposed that the United States deal with Russia as a decentralized entity, promoting links with businesses and setting up student exchange programs, rather than dealing with the Kremlin. “You don’t have to make a bet with the Kremlin and a bet with the central Russian government in order to play an active and positive role in Russia’s future,” she said, “There is no reason to believe that everything has to go through the Kremlin.” On the other hand, she wants the United States to hit Russia with sanctions, if the Kremlin violates arms agreements.

## Law on Felons’ Voting Rights Is Struck Down

A Pennsylvania law that prohibits convicted felons from voting for five years after their release from jail has been declared unconstitutional, the *Philadelphia Inquirer* reported on Sept. 20. In a ruling filed Sept. 18, Judge Joseph T. Doyle wrote that there was “no rational basis” for the voting ban on felons, which was made into law with no debate whatsoever. The Pennsylvania court upheld the ban while felons are still in prison. The National Association for the Advancement of Colored People (NAACP), which brought the suit, will appeal the upholding of the ban for prisoners.

NAACP attorney Earl Trent said the rul-

ing could mean that thousands of former inmates now barred from voting might be able to participate in the Nov. 7 elections, if there is no appeal. The NAACP is taking this fight to other states as well. Thirty-five states prohibit former inmates from voting for various lengths of time, 14 of them for life. The group is also suing in Federal court.

## Crackdown at Labs Hurt U.S. National Security

A report by former Republican Sen. Howard Baker (Tenn.) and former Democratic Rep. Lee Hamilton (Ind.) concludes that the “security” measures implemented by Energy Secretary Bill Richardson in the nation’s weapons laboratories over the past year, due to the fake nuclear spy scandal, are themselves a threat to national security, the *Washington Post* reported on Sept. 25.

In the wake of the firing of nuclear physicist Wen Ho Lee from Los Alamos National Laboratory last year, Richardson threatened to polygraph every scientist with access to classified information. Protests from the labs and the general scientific community forced him to scale back this effort, but the distrust that was generated between the scientists and the “intelligence” forces will be long lasting.

Baker and Hamilton were appointed by Secretary Richardson in June to investigate the disappearance, and reappearance, of two computer hard drives containing classified data, which the FBI is still investigating. According to the *Post’s* report, the study did not shed any light about who took the drives, or why, or what they did with them, but instead concluded, after a two-day visit to Los Alamos, that the episode, and the way it was handled, has had a “highly negative effect on the ability of [Los Alamos] and the other national laboratories to continue to do their work, while attracting and maintaining the talented personnel who are the lifeblood of the cutting-edge work of the laboratory.” Similar fears have been voiced by the National Academy of Sciences and other scientific organizations.

**INDIANAPOLIS** became the first city in the nation to restrict access to violent video-games in public places to youth under the age of 18, unless accompanied by an adult. Mayor Bart Peterson told CBS News that these games “are about gruesome murders.” The new law is now being tested in the courts; it is expected that the legal challenge, from the video “industry,” will go to the Supreme Court eventually.

**REP. BOB FILNER** (D-Calif.) introduced a bill to Congress mandating the government to act to bring down electricity prices. Speaking on the House floor, Filner said that prices in San Diego, which is in his district, have tripled over the past two to three months, because of manipulation of the market by a few hungry power merchants. San Diego was the first city in California to fully deregulate its power production.

**MAINE** State Sen. Chellie Pingree (D) has passed through the State Senate a bill which orders a 30% decrease in drug prices by pharmaceutical companies in drugs they sell in Maine. Companies which refuse to lower prices are subject to stiff fines. Pharmaceutical companies are furious. Senator Pingree is campaigning to get similar provisions adopted by state legislatures around the country.

**MARK RICHARD**, the Deputy Assistant Attorney General and a leading member of the task force that railroaded Lyndon LaRouche to prison, has been implicated in security violations, in a report prepared by the Justice Department’s Inspector General. The violations, some of which could have compromised top-secret material, were allegedly committed by officials in the Criminal Division’s International Criminal Investigative Training Assistance Program and the Office of Prosecutorial Development and Training.

### *Will France Draw the Line?*

On Friday, Sept. 22, just at the same moment when the world financial system was wobbling at the brink of the precipice, new revelations of French party-funding scandals in the Paris newspaper *Le Monde*, threatened to bring down the French government and Presidency, and to destroy both of the two largest French political parties: the “socialist” PSF of Prime Minister Lionel Jospin, and the “Gaullist” RPR of President Jacques Chirac.

It was no coincidence, that the France whose whole political system was threatened with destruction beginning on Sept. 22, had recently begun to rally Europeans against the insanity of the Anglo-American would-be new Roman Empire.

Of course, there is nothing new about the use of sensational revelations of alleged personal wrongdoing, to overthrow late 20th-Century and 21st-Century governments, for the benefit of Wall Street and the City of London. Such a scandal was used to throw just-relected U.S. President Richard Nixon out of office, with permanent damage to the U.S. Presidency, in 1972. Then, in the aftermath of Christian Democratic party chairman Aldo Moro’s murder in Rome, in which Henry Kissinger was implicated, Italy’s entire political system, with its mass political parties, was junked during the 1970s, again using revelations about irregular party funding and other accusations of personal misconduct. A hoked-up series of scandals against U.S. President Clinton, later resulted in an insane Congressional impeachment proceeding against a U.S. President—only the second time this had happened in this, the world’s oldest republic. Then, Germany’s CDU-CSU coalition publicly decapitated itself over old party-funding irregularities.

For three decades, the financier-oligarchical interest has been using such alleged instances of personal immorality, to destroy the institution of the sovereign nation-state—an institution created by the Golden Renaissance, which has the potential to lift the mass of humanity out of slavery, serfdom, and worse, for the first time in human history. What does this say about

the personal morality of the financier-oligarchs and their “moral crusaders?”

What is new, is that France may now take this on. A Sept. 28 London *Guardian* article, datelined Paris, interviewed top Chirac advisor and RPR spokesman Devidjian. It quoted RPR leader Philippe Seguin, to the effect that, “We must stop the games we’re playing.” Devidjian said this can’t go on. France is the world’s fourth-greatest power—but we have been reduced to “humiliating debates.” This is unacceptable!

Devidjian said that he expects President Chirac to say, publicly, and soon: *We all did it!* It was a mistake—but this is the past. This chapter is closed! No more self-destructive infighting!

A call to arms! No one has ever done this in recent times, and if France does it, France will again be leading the world, as it did earlier under Jeanne d’Arc, Louis XI, Mazarin, and Colbert.

The circumstance that the French elite is a government/state industry elite, drawn from the elite *écoles*, rather than the U.S. sort of elite drawn from Wall Street law firms, shows itself here to be a decided advantage.

Let us all draw the lesson: No more commenting on what the press says. It’s crap! Go on the offensive!

Don’t discuss this scandal and that scandal. What are the real scandals? Isn’t the mass murder of the elderly by HMOs, a scandal? Isn’t what is being done to so-called developing countries, a scandal?

What is moral about seizing on allegations about a President’s private life, for example, and using them to deconstruct the U.S. government in favor of Wall Street?

What is moral about a moralistic binge on some single issue, which results in destroying the ability of the state to protect the citizens, and therefore deprives everyone of all their civil rights?

The Biblical Pharisee who provoked Christ’s creation of what we call the Lord’s Prayer, was a paragon of virtue, compared with those who are feeding these phony scandals against governments and the sovereign nation-state, all over the world.



# THE 'NEW ECONOMY' IS DOOMED

## The Fraud of the Information Society

The Group of Eight heads of state, meeting in Okinawa in July 2000, proclaimed as its major accomplishment, the establishment of a task force aimed at giving the Third World access to the "Information Revolution." In a parody of Marie Antoinette, they said of the world's poor: "Let them eat laptops!"

*EIR's* Special Report rips apart the fraud of the Information Society, and tells what must be done to restore economic health to nations where billions of people face hunger and death by infectious disease, while transport, power, and water infrastructure is collapsing.

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