

EIR

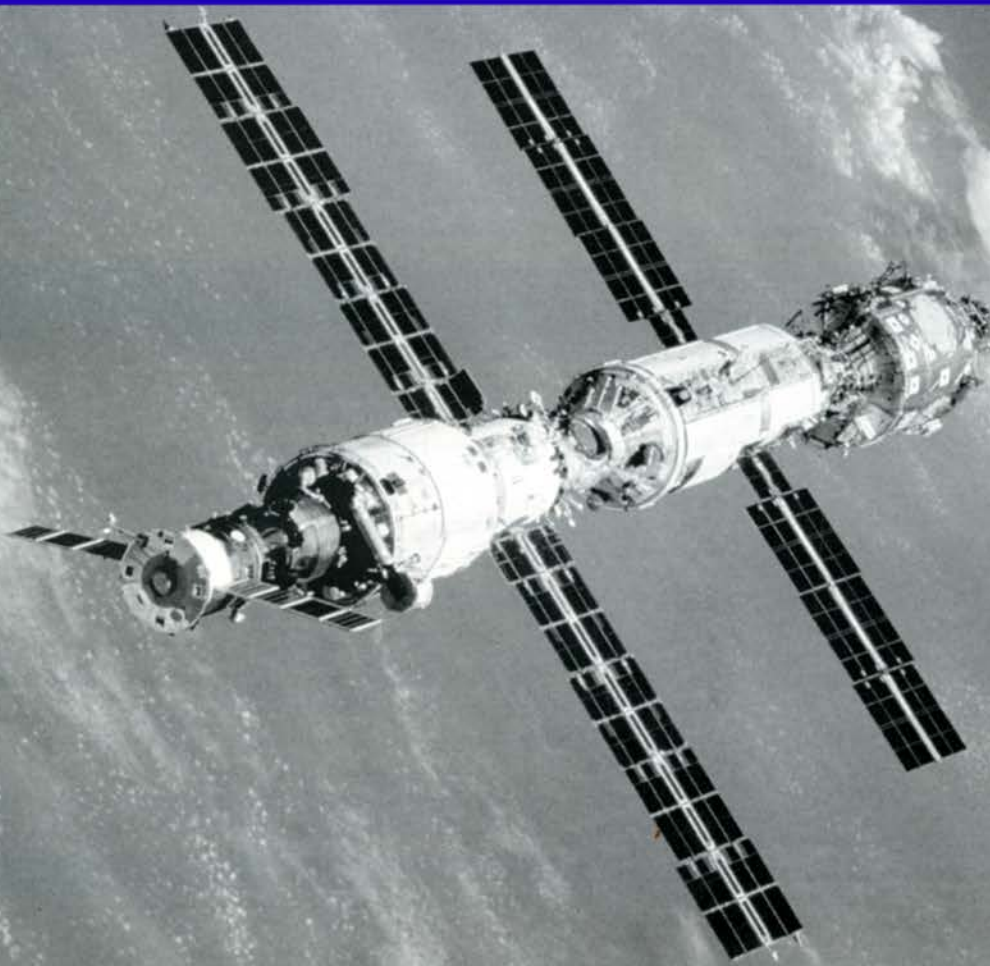
Executive Intelligence Review

December 15, 2000 Vol. 27 No. 49

\$10.00

Will Boston Fire Shot Against Oil Speculators?
'Southern Strategy' Dominating U.S. Politics
Fox's Priorities for Mexico: Drugs, Slavery

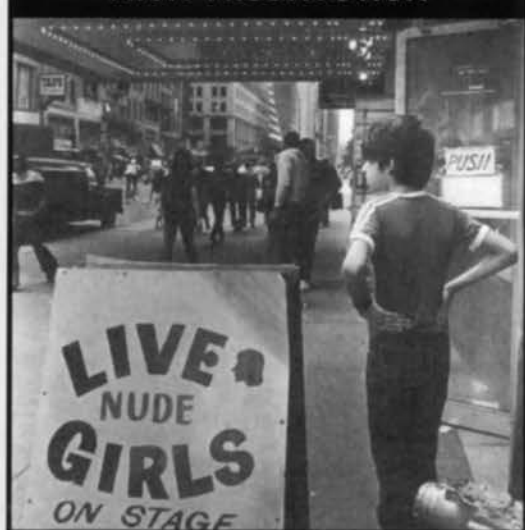
**LaRouche Foresees 'The U.S.
Strategic Interest in Russia'**



ECONOMICS I.Q. TEST

Does \$10 million = \$10 million?

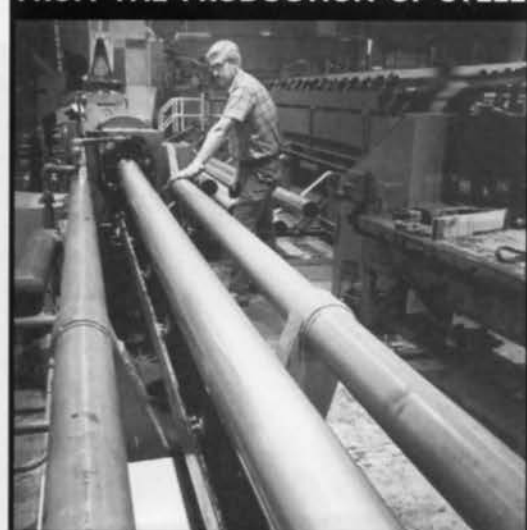
FROM PROSTITUTION



YES

NO

FROM THE PRODUCTION OF STEEL



If you said **YES**, you are a candidate:

- for the Nobel Prize in economics
- to become the Dean of the Wharton School of Economics
- to become a U.S. Congressman (R-Disneyland)

If you said **NO**, then there's hope for you! Learn the science of physical economy as developed by Gottfried Leibniz, Alexander Hamilton, and Lyndon LaRouche. Join the fight to rebuild the economy of the United States and the world.

You Can't Fool All the People All the Time. . . Subscribe to:

Executive Intelligence Review

U.S., Canada and Mexico only

1 year	\$396
6 months	\$225
3 months	\$125

Foreign Rates

1 year	\$490
6 months	\$265
3 months	\$145

I would like to subscribe to *Executive Intelligence Review* for

1 year 6 months 3 months

I enclose \$_____ check or money order

Please charge my MasterCard Visa

Card No. _____ Exp. date _____

Signature _____

Name _____

Company _____

Phone () _____

Address _____

City _____ State _____ Zip _____

Make checks payable to EIR News Service Inc.
P.O. Box 17390, Washington, D.C. 20041-0390.

Founder and Contributing Editor:

Lyndon H. LaRouche, Jr.

Editorial Board: *Lyndon H. LaRouche, Jr.,
Muriel Mirak-Weissbach, Antony Papert, Gerald
Rose, Dennis Small, Edward Spannaus, Nancy
Spannaus, Jeffrey Steinberg, William Wertz*
Editor: *Paul Gallagher*

Associate Editors: *Ronald Kokinda, Susan Welsh*
Managing Editor: *John Sigerson*
Science Editor: *Marjorie Mazel Hecht*
Special Projects: *Mark Burdman*
Book Editor: *Katherine Notley*
Photo Editor: *Stuart Lewis*
Circulation Manager: *Stanley Ezrol*

INTELLIGENCE DIRECTORS:

Asia and Africa: *Linda de Hoyos*
Counterintelligence: *Jeffrey Steinberg,
Paul Goldstein*

Economics: *Marcia Merry Baker,
William Engdahl*

History: *Anton Chaitkin*

Ibero-America: *Dennis Small*

Law: *Edward Spannaus*

Russia and Eastern Europe:
Rachel Douglas

United States: *Debra Freeman, Suzanne Rose*

INTERNATIONAL BUREAUS:

Bogotá: *Javier Almarino*

Bonn: *George Gregory, Rainer Apel*

Buenos Aires: *Gerardo Terán*

Caracas: *David Ramonet*

Copenhagen: *Poul Rasmussen*

Houston: *Harley Schlanger*

Lima: *Sara Maduño*

Melbourne: *Robert Barwick*

Mexico City: *Hugo López Ochoa*

Milan: *Leonardo Servadio*

New Delhi: *Susan Maitra*

Paris: *Christine Bierre*

Rio de Janeiro: *Silvia Palacios*

Stockholm: *Michael Ericson*

United Nations, N.Y.C.: *Leni Rubinstein*

Washington, D.C.: *William Jones*

Wiesbaden: *Göran Haglund*

*EIR (ISSN 0273-6314) is published weekly (50 issues)
except for the second week of July and the last week of
December, by EIR News Service Inc., 317 Pennsylvania
Ave., S.E., 3rd Floor, Washington, DC 20003. (202)
544-7010. For subscriptions: (703) 777-9451, or toll-
free, 888-EIR-3258.*

*World Wide Web site: <http://www.larouchepub.com>
e-mail: eirns@larouchepub.com*

*European Headquarters: Executive Intelligence Review
Nachrichtenagentur GmbH, Postfach 2308,
D-65013 Wiesbaden, Bahnstrasse 9-A, D-65205,
Wiesbaden, Federal Republic of Germany
Tel: 49-611-73650. Homepage: <http://www.eirna.com>
E-mail: eirna@eirna.com Executive Directors: Anno
Hellenbroich, Michael Liebig*

*In Denmark: EIR, Post Box 2613, 2100 Copenhagen ØE,
Tel. 35-43 60 40*

*In Mexico: EIR, Río Tiber No. 87, 5o piso, Colonia
Cuauhtémoc, México, DF, CP 06500. Tel: 208-3016 y 533-
26-43.*

*Japan subscription sales: O.T.O. Research Corporation,
Takeuchi Bldg., 1-34-12 Takatanobaba, Shinjuku-Ku, Tokyo
160. Tel: (03) 3208-7821.*

*Copyright © 2000 EIR News Service. All rights reserved.
Reproduction in whole or in part without permission strictly
prohibited. Periodicals postage paid at Washington D.C.,
and at an additional mailing offices.
Domestic subscriptions: 3 months—\$125, 6 months—\$225,
1 year—\$396, Single issue—\$10*

*Postmaster: Send all address changes to EIR, P.O. Box
17390, Washington, D.C. 20041-0390.*

From the Associate Editor

In the seven days since our last issue of *EIR* went to print, Lyndon LaRouche has been fairly busy. He wrote a memorandum on what U.S. policy toward Russia should be, as well as a statement of strategy for the Americas, “in the footsteps of John Quincy Adams”; visited Budapest for a seminar and private meetings; and sent a message to the Boston City Council, for its hearings on how to deal with the energy price crisis. (He undoubtedly did a few more things as well, but I mention only those topics that are covered in this week’s issue.) Those of us who are younger than his 78 years, as well as some who are older, may wonder how this is possible.

LaRouche takes up the question in his *Feature* article on policy toward Russia. “It is the significance of the *voluntarist principle*,” he writes, “which is the crucial point of current strategic importance bearing upon Russia’s prospects for the 1980s, and, again, today.” Addressing the Russians among our readers, and U.S. policymakers engaged with Russia, he selects the predicates familiar to a Russian audience: the case of V.I. Lenin, who, despite his failings as a scientist, “had a certain quality of creative artistry in statecraft, a quality virtually lacking in the entirety of the rest of the world’s socialist leadership.” It was this creative force of the voluntarist principle, that allowed Lenin to succeed, where others faced the nation’s crisis with impotence.

As LaRouche notes, had a replica of Lenin existed within the Soviet leadership of the 1960s and 1970s, he might well have been shot by his colleagues, on charges of “voluntarist deviationism.”

What about the American “voluntarists”? If Abraham Lincoln had sought the Republican Presidential nomination in the 2000 elections, or Franklin D. Roosevelt the Democratic nomination, would they have been tarred, feathered, and ridden out of town on a rail, by the “New Confederacy” crowd behind both Bush and Gore?

But, as LaRouche will explain in his webcast addresses on Dec. 12 and Jan. 3, “Ozymandias” is disintegrating, before our very eyes. The political vacuum between the ears of the two principal contenders for the U.S. Presidency, poses the necessity and opportunity for a revolutionary change in the way the United States is run. It’s a good time for “voluntarists” to take charge.

Susan Welsh

EIR Contents

Cover This Week

The International Space Station. Space exploration will become the "science-driver" for reviving bankrupt economies.



28 The U.S. Strategic Interest in Russia

Lyndon H. LaRouche, Jr. outlines a policy for positive U.S. relations with Russia, focussed around science-driver programs to fuel global economic development. The hateful influence of Halford Mackinder's geopolitics on U.S.-Russia relations, "expressed by, among others, that pathetic offshoot of a Central European lackey-dom, Zbigniew 'Woody Woodpecker' Brzezinski," must be replaced, LaRouche writes. "U.S. cooperation with the role of a Russia best described as 'Europe in Asia,' is of the highest importance for the future of a republic, our own, which is now gravely imperilled by the presently onrushing, greatest financial collapse in the existence of this planet."

Economics

4 Winter of Discontent Begins: Boston Meets on Fuels Crisis

The Boston City Council is responding to the rise in the price of fuels, and is considering Lyndon LaRouche's proposals to deal a blow to the oil speculators.

6 LaRouche to Boston Council: 'Shot Heard 'Round the World'

9 'Dereg' Price Spikes Shutting Power and Heat to U.S. Factories and Homes

11 EIR Expert Testimony: Economic Crisis Requires Emergency Government Intervention

16 Stop the Privatization of D.C. General Hospital

18 New York City Low-Pay Jobs Explosion Shows U.S. Economy Is Collapsing

21 Both 'Mad Cow' and AIDS Were Covered Up

22 Growing Concerns About Economic Policy Direction in India

24 Ugandan Ebola Fever Outbreak Is Not Under Control

26 China Reveals Its Long-Range Space Plans

International

52 Israeli 'Peace Now' Reveals, Settlements Grew Since Oslo

A new report by Peace Now, Israel's leading peace organization, demonstrates that the expansion of settlements is one of the principal reasons for the Palestinian rage fuelling the conflagration in the Israeli Occupied Territories.

55 LaRouches Address Economic, Scientific Leaders at Seminar in Budapest

56 President Fox's Priorities for Mexico: Legalize Drugs, Extend Slavery

59 In the Footsteps of John Quincy Adams: My Strategy for the Americas By Lyndon H. LaRouche, Jr.

68 U.S. Ambassador Admits Colombia's FARC Is a Drug Cartel

70 Government Pans 'Insane' Blair Policies

72 Poland on the Brink of Crisis: Hopes and Anxieties for the Future

74 Neo-Nazi Witch-Hunt Implodes in Germany

76 Nigerian Workers Accuse Government of Dancing To Dictates of IMF

National

78 A Confederate Coalition of the Damned in Washington?

Establishment figures are calling for a "national unity government," but if Bush or Gore becomes President, such a government would be nothing but a vehicle for the racist "Southern Strategy."

79 In Remembrance of Henry B. Gonzalez

By Lyndon H. LaRouche, Jr.

Interviews

16 Cynthia Perry

Cynthia Perry is the staff representative of the District 1199C National Union of Hospital and Health Care Employees/American Federation of State County and Municipal Employees, AFL-CIO at D.C. General Hospital.

Departments

77 Australia Dossier

Last Hurrah for a "Drug Lord."

80 Editorial

Strong President For "Hard Times."

Photo and graphics credits:

Cover, page 42, NASA. Page 5, EIRNS/Roger Ham. Pages 10, 12-15, 19, 20, 33, 44, EIRNS. Page 27, CCTV. Page 29, National Archives. Page 36 (Gorbachev), UN Photo. Pages 39, 51, EIRNS/Connor Soules. Page 55, EIRNS/Christopher Lewis. Pages 57 (Castañeda), 65, 76, EIRNS/Stuart Lewis. Page 57 (Fox), President Fox's website. Pages 59, 61, Library of Congress Prints and Photographs Division. Page 62, EIRNS/St Stanley Ezrol. Page 73, EIRNS/Ray Wei. Page 79, EIRNS/Claudio Celani.

Winter of Discontent Begins: Boston Meets on Fuels Crisis

by Suzanne Klebe and Mary Jane Freeman

With a Winter of incalculable consequences beginning in the colder northern areas of the United States, the City Council of Boston held extraordinary hearings Dec. 4 on how to stop the deadly upward spiral of prices of heating oil, natural gas, and other fuels.

Boston Councilman Chuck Turner took the initiative, backed by petitions of 3,000 residents and compelling testimony of experts and citizens, to call for government-to-government emergency oil trades, bypassing the ruinous speculative markets. The idea, as urgent national policy, was proposed in September by Presidential candidate Lyndon LaRouche. In the few months since then, prices of these fuels have doubled again, and even in the United States, citizens freezing to death for inability to buy fuel, in New England and the Mid and Far West, has become a real and immediate threat. LaRouche, in a message to the hearings, called on Boston, once again, to “fire the shot to be heard ’round the world.”

On Dec. 6, the full Boston Council met and scheduled Dec. 12 for decision on the proposal. It had heard proof that *supply is not the problem, but speculation*, in testimony ranging from EIR’s economics staff, to the government of Venezuela, to a public-spirited and well-informed oil deliveryman from North Boston.

LaRouche’s Sept. 19 memorandum, calling for government-to-government action to bring oil price inflation under control (see EIR, Sept. 29, 2000), proposed emergency measures to deal with “the current global inflation in petroleum prices,” which, it noted, “threaten to be the detonator of a chaotic breakdown in many, if not all of the economies of the world.” The U.S. Energy Department, at that time, publicly refused an offer from Venezuela for such direct, off-the-market government oil sales — an offer still standing, as the Vene-

zuelan Embassy informed the Boston Council hearings. In the short weeks since then, the natural gas spot price, for example, has continued its dizzying rise, to touch \$9 per million BTUs in early December. LaRouche’s memorandum was issued prior to the Sept. 27-28 Organization of Petroleum Exporting Countries (OPEC) meeting — the first heads of state meeting in 25 years — held in Caracas, Venezuela. The memo, circulated at that OPEC summit and worldwide, proposed that governments a) declare a general strategic emergency regarding stability of flows and prices of essential energy supplies; b) set up government-to-government contracts, of not less than 12 months, for petroleum deliveries; c) set reasonable prices for these contracts; and d) set priorities on processing of petroleum for priority categories of consumers in each nation.

New England Winter Energy Crisis Looming

The “General Welfare,” as conceived by our founding fathers, and those who led the Boston Tea Party in 1773, was the recurring subject presented to the Boston Council’s State and Federal Affairs Committee on Dec. 4. The hearings were convened before a full meeting-room by the committee’s chairman, Michael Flaherty, to hear public testimony on “Resolution on Emergency Governmental Action to Reduce Oil and Natural Gas Prices,” introduced by Councilman Turner on Nov. 1 (see EIR, Nov. 17, 2000, p. 13).

On Nov. 1, Turner had told the Council that “people can’t afford” these prices, a reference to the first point in his resolution: “The price of oil has more than tripled since January of 1999, to over \$35 per barrel. . . .” At the time Turner made this initiative, the Coalition of Northeast Governors had already issued a report warning that as of September 2000, “heating oil customers will pay” almost \$135 more per month for fuel



Boston City Councilmen Chuck Turner (upper left) and Michael Flaherty hear testimony on an emergency oil-policy resolution against fuel price hyperinflation. Key witnesses included John Hoefle (bottom left) of EIR's economics staff; Boston oil deliveryman Jack Kearn (top right); and Amelia Boynton Robinson, a lifelong leader of the U.S. civil rights movement.



this Winter! Moreover, in mid-October, Federal energy officials had announced that reserves of No. 2 heating oil in the Northeast, at 3.1 million barrels, less than 40% of the ten-year average of 8 million reserve barrels for the area at this time of year, were already low.

Since those September-October warnings, the fuel situation has gotten worse. Winter cold weather has come earlier, thus making demands on the low reserves before any additional reserves might have been marshalled into the area, and the prices have continued to skyrocket, just as LaRouche warned in his Sept. 19 memo. The other crucial point Turner made when he introduced the resolution was that “production now exceeds consumption, and yet the price continues to rise,” pointing to the City of London and Wall Street’s manipulation of energy spot market prices, reduction of refining capacity, and the mega-mergers of oil companies.

Protect the ‘General Welfare’

Witness after witness at the Dec. 4 hearings hammered these two points home, most insisting that “supply” is *not* the reason prices are skyrocketing, but rather that speculation is the culprit.

Flaherty, At-Large City Councilman and chair of the committee taking the testimony, opened the hearings stating that they could not have come at a more appropriate time, as we are

now in the Winter months and the fuel situation is particularly serious for seniors, veterans, retired folks, and those having a rough time keeping a roof over their heads. After his introductory remarks, City Councilman Turner spoke on the necessity of the resolution, discussing the disaster the high oil price has already had on his constituents and the fact that there is no shortage of supply, and noting that OPEC has increased production. He referenced U.S. Secretary of Energy Bill Richardson’s refusal of the Venezuelan government’s offered government-to-government oil contracts. He told the assembled citizens that a similar resolution had passed in Camden, New Jersey, and one had been introduced before the Pennsylvania General Assembly. Turner concluded his remarks stressing the necessity of acting for the General Welfare, in protecting the interests of the citizens.

The dynamic hearings were characterized by that same fighting spirit exhibited in 1773, when citizens revolted against the City of London’s “tea tax” by dumping tea into the Boston harbor. Only now, these Americans are mobilizing against the City of London/Wall Street “fuel tax,” a tax, if you will, imposed by way of their rigging of commodity markets. Exemplary of this spirit was the presentation of 3,000 petition signatures gathered in support of the resolution over the last month. Democratic committeeman John Jones, a life-long activist in Boston, had filed the signatures with the Boston

LaRouche to Boston Council: 'Shot Heard 'Round the World'

December 4, 2000

Since my general views on the matter before you have been previously stated, and are widely known among some leading circles of government in many parts of the world, I limit myself to the immediate circumstance in which the present matter comes before you.

The world, including our United States, is presently gripped by the final phase leading into the general financial collapse of this planet as a whole. Although the onrushing crisis will be worse than anything experienced during the earlier depression of 1929-32, the principles of government which succeeded under President Franklin Delano Roosevelt then, are the precedents by which our nation can master the presently erupting depression of today.

These indispensable actions, on which the continuation of a decent life depends, must be shared in various ways at various levels of government, not only Federal and state, but municipal and county levels. In this process, the essential task of the present moment, is to build up a

consensus among our citizens for the kinds of remedial action which must be taken at the various levels of government. We must each and all act as the circumstance requires, but the first step to those actions is to resolve to work together for that great common and urgent cause.

Neither Boston, Massachusetts, nor New England as a whole, command the glories today with which they were adorned during the decades I was a child, youth, and young man, living in those quarters of our nation. Nonetheless, there are reasons why decisions made in Boston and its vicinity can still shake the world for the better, and the measure before you, if adopted, is surely, once again, a shot which will be heard around the world.

I am optimistic about what we can accomplish as a nation. I am worried about our willingness to undertake the needed task. If we unite for what needs to be done, I am expert enough in such matters, to be qualified to assure you, that if we resolve to do what needs to be done, what we do will then have the means sufficient to succeed.

I ask you: Let the shot which I recommend be shot, whose sound shall reverberate, once again, from Boston and its neighborhood, will be heard, loud and clear, around the world. If you do that, I can assure you, that shot will be heard, and I am ready and waiting, at your pleasure, to do my part to bring that result about.

City Council the week before the hearings. When he testified, he told Chairman Flaherty, Councilman Turner, and the audience, "What was important was not how long one lived, but what you do with the years that you have—the impact you have for humanity." He said that something must be done quickly on this fuel emergency, and that he "would not stop petitioning until it was done."

EIR Explodes Market Myth

Witness John Hoefle, of *EIR*'s economics staff, honed in on the manipulation of the price of fuel, using charts attached to his prepared testimony (see *Documentation*). He showed that supply is not down, but up, yet prices have exploded, in part due to mega-mergers of the big oil companies. Hoefle detailed the role of the spot market and the fundamental change in energy pricing, especially highlighting the deregulation mania. Next, he graphically showed how the price of oil has been increasingly divorced from the production and supply of oil, and noted that this was just one reflection of the hyperinflation hitting the entire economy which is caused by the general disintegration of the economy.

Councilman Flaherty asked Hoefle a number of questions. "What do you mean by speculation? Who is speculating, in what? How is speculation driving the market? Is this in terms of futures, or speculation of countries?" Hoefle took the op-

portunity to give a mini-class in how futures work. He said that people are very successful in making money, buying and selling, but with no intention to deliver the oil itself. Flaherty then asked about the offer of Venezuela to supply oil to the United States, and asked why the offer was refused. More questions came from the audience, including questions concerning how and why refinery capacity has been cut in the United States.

Following Hoefle's testimony was that of retired State Sen. Bill Owens, himself a 25-year veteran of public service. While he was not on the hearing agenda, when he arrived asking to testify, his request was immediately granted. Owens began speaking on the "crisis of the cold" and its impact on the elderly, poor, and the sick. He discussed his own experience in battling a long-term illness, and the need to "keep yourself warm by any means" under these circumstances. This can be a real hardship for the elderly and low-income families. In this light, he asserted, "the buck stops with us." Elected officials have to act in the interest of the General Welfare, he insisted. "I don't know how much money the city has allocated for poor people for fuel . . . but even if it is \$12 million, it may not be enough." Pointing to Boston's place in our nation's history, he said, "we set trends for the country," therefore we must act for the Good, he concluded.

Owens also took up the importance of listening to

EMBAJADA DE VENEZUELA
WASHINGTON, D.C.
No. 2512

November 28, 2000

Ms. Cloret Carl
Schiller Institute
c/o H.S.D.L.
86 Hancock Street
Braintree, MA 02184

Fax: 781-380.4029


Dear Ms. Carl:

On November 27, 2000 I received your fax, dated November 22, requesting my presence, or that of my representative, in order to present public remarks at a hearing of the Boston City Council to be held on Monday, December 4.


I regret to inform you that, due to previous commitments, my presence will not be possible. It has not been possible, either, to arrange for the presence of another representative of this Embassy.

Please find, attached, public comments made by high representatives of the Ministry of Energy and Mines of Venezuela, and Petróleos de Venezuela S.A. (the national oil company), during a visit to Washington-D.C. at the end of September, referred to the Northeastern US heating oil situation. I very much hope you will find them useful.

Sincerely,



[Signature]
Alfredo Toro Hardy
Ambassador



Nevada Legislature
SEVENTIETH SESSION

COMMITTEES:
Member
Finance
Government Affairs
Taxation

JOSEPH M. NEAL, JR.
SENATE
Clark No. 4

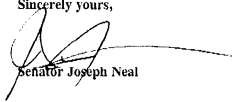
STATEMENT FROM SENATOR JOE NEAL, NEVADA

It is my position regarding the current oil crisis that there is *not* an oil crisis *at the well-head*. Instead, despite oil-producing countries pumping more oil, there is not a substantial change in the price of oil downward. What we see instead is the effect of speculation from the well-head to delivery to some particular country.

I think it would be better for government agencies such as the city of Boston, or the State of Massachusetts, to enter into private contractual agreements for the purchase of heating oil, as was indicated by Mr. LaRouche, in order to eliminate the speculative aspect that seems to be increasing the prices. Unless this is done, I think that the speculators, especially those in the area of the purchase of oil, will not show any particular consideration to individuals in need, but will look to the profits they can make through this speculative process.

Therefore, I would endorse the resolution that is before the Boston City Council to call upon the President of the United States to lend his good offices to setting up meetings with the oil producing countries to deal with these prices. The country, rather than the city of Boston, or the state of Massachusetts, would have a greater leverage in terms of achieving the ends of getting the speculators out of upping the price of oil.

Sincerely yours,



Senator Joseph Neal

RESOLUTION MC-00: 638

SLOAN-EL
10-12-00

R-32

RESOLUTION DECLARING CITY COUNCIL OPPOSITION TO UNWARRANTED INCREASES IN THE COST OF FOSSIL FUELS/OIL AND NATURAL GAS

WHEREAS, the price of oil has more than tripled since January of 1999 to over \$35.00 per barrel, the highest price since the Gulf War crisis 10 years ago, and threatens to go even higher over the coming weeks and months; and

WHEREAS, the high level of oil prices has already led to massive social conflict and/or economic hardship in Camden, New Jersey, western Europe and other parts of the world; and

WHEREAS, the high level of oil prices threatens severe economic hardship against the citizens of Camden, New Jersey this Winter, since home heating oil and gas prices have increased by an average of 50% over the past 12 months, and skyrocketing energy prices could cause a hyper-inflationary explosion throughout the economy; and

WHEREAS, oil prices have continued to rise despite increased production by OPEC countries, suggesting that other factors, such as speculation in oil price futures and other markets, are to blame for the oil price crisis; and

WHEREAS, experts have indicated the skyrocketing of oil prices began just weeks after the purchase of AMOCO by British Petroleum in August 1998, and the merger of oil giants Exxon and Mobil in December 1998, leading to suspicion that oil markets are being manipulated upwards, to generate the super-profits needed to pay the massive costs of mergers and acquisitions among the oil multinational corporations; and

WHEREAS, the secondary impact of this speculation in oil has been to drive up the price of natural gas so that similar increases are being passed on to residents who heat and cook with natural gas; now therefore

BE IT RESOLVED by the Council of the City of Camden that the City Council of the City of Camden urges the President of the United States, and the United States House and Senate and the New Jersey Board of Public Utilities, to take emergency action to reduce oil and natural gas prices, including an investigation of possible market manipulation through speculation or other unfair practices, and the possibility of bypassing the oil multinational corporations completely, by negotiating government to government purchasing agreements directly with the oil-producing countries.

On Motion Of: GILBERT "WHIP" WILSON

Dated: October 12, 2000

The above has been reviewed and approved as to form

[Signature]
MARC A. RIONDINO
Acting City Attorney

[Signature]
President, City Council

ADOPTED: OCTOBER 12, 2000

ATTEST: *[Signature]*
Municipal Clerk

Other interventions into the Boston City Council's crucial hearings on LaRouche's proposed policy to end the "long, cold, Winter" speculation in energy fuels. The Embassy of Venezuela restated that nation's readiness to sell oil on direct, long-term contract to the U.S. government. Nevada State Sen. Joseph Neal urged the Boston Council to act, as he has in Nevada; the Camden, New Jersey City Council has already passed a similar resolution for government-to-government oil trade against the market speculators.

LaRouche. He commended Councilman Turner for "picking up on issues brought to the arena by Mr. LaRouche," saying, "It has been my experience that LaRouche has been right more than he has been wrong. . . . For some reason the government doesn't want to key into that." Too often, he said, people want

to brush LaRouche aside as "cuckoo." "Now I am not here to talk for Mr. LaRouche, but frankly, I have worked closely with people associated with Mr. LaRouche. . . . There are issues we disagree on, and I have told them that, and I have personally told him that . . . but he is absolutely correct on

this issue.” He continued, “Why should the city or state funds be used to pay high speculative prices? We are subsidizing the rich speculators to bail out Wall Street. When poor people go to the government to ask for assistance, it is called a ‘hand-out.’ Now it is our responsibility to help such people. They are family. They cannot provide for themselves. But not so these bandits. This is ‘welfare for the speculators.’ ”

Threat of Social Chaos

A Boston oil deliveryman, Jack Kearn, gave some of the hearing’s most gripping testimony. Kearn had just learned about the hearings a few days before; from his own carefully kept business records, he powerfully presented the “supply hoax.” “There is not a shortage of oil,” he said, “but the price is going up daily.” He pulled out a daily comparison calendar he has kept for the last year to make the point. He described Boston citizens throwing stones at him as he drove his oil truck, after television broadcasts of a false, “sound bite” pronouncement by a Boston public official, that oil distributors are price gouging. Kearn concluded with a moving picture of the hardship the price rise is causing for his customers: small companies filing for bankruptcy because they can’t pay up front for oil deliveries; poor families asking his advice on how to heat only one part of their house, to keep the bill down.

Seven other citizens testified. We summarize, here, some highlights from just a few of their impassioned presentations. Senior citizen activist Sal Rizzo told of how, in one hour’s time in front of the local doughnut shop, he collected 60 signatures in support of Turner’s resolution. He also explained the impact on Teamsters and independent truckers who, after this latest oil price hike, are going broke. An executive board member of the American Federation of State, County and Municipal Employees and Boston bus worker, Ivan Jones, testified that Boston municipal employees are required to live in the city, but some cannot survive in Boston because they cannot afford to pay for heat!

Near the conclusion, the Spirit of 1776 was embodied in the testimony of veteran civil rights activist and heroine Amelia Boynton Robinson, as she insisted on the importance of citizen-action. Councilman Flaherty, showing his great respect for Mrs. Robinson, said his father always told him that “experience counts,” and that hers was apparent. She emphasized that unity makes organizers stronger, and discussed the importance of the fight for the right to vote, as has been so evident in the recent Presidential election. Now is the time, she told the hearing, to make LaRouche’s policies heard, so we may take back the country.

Change, or Tragedy

Boston LaRouche spokesman Bill Ferguson presented an array of support and/or similar resolutions from across the nation. He read an endorsement of Councilman Turner’s resolution by Nevada State Sen. Joe Neal (D), who, in October of this year, stopped electricity deregulation in that state by the

same kind of public-action campaign. Neal’s endorsement emphasized the accuracy of LaRouche’s forecasts on such issues, as well as his approach for dealing with this energy emergency. Ferguson next presented similar resolution initiatives from Cleveland, Ohio, and Camden, New Jersey, to show that others are taking action to defend the General Welfare, rather than bowing to the hyperinflation of the energy speculators and huge conglomerates. He ended by describing his collaboration with Turner on this issue, LaRouche’s unique approach to dealing with these speculators, and finally, read LaRouche’s statement to the council, emphasizing their role to provide the “shot heard ’round the world.”

Councilman Turner asked Ferguson if he had anything further he wanted to put on the record. Ferguson replied, “Yes,” and proceeded to discuss the principle of Classical tragedy, as reflected in this energy crisis. He pointed to the deaths already seen from the heating crisis, and said that the question of tragedy is when the outcome is foreseeable and preventable, but people still don’t change. The lesson of tragedies on the stage can be seen, when the audience leaves the theater happy—even after a tragedy—because they can see that they don’t have to make the same mistake “in the real world.” He then compared this to the current situation, saying, “If we allow prices to be set by the ‘market,’ rather than as they should be set, then we know how it will affect people; if we don’t change, we will have a disaster.”

For previews and
information on
LaRouche publications:

Visit EIR's Internet Website!

- Highlights of current issues of EIR
- Pieces by Lyndon LaRouche
- Every week: transcript and audio of the latest **EIR Talks** radio interview.

<http://www.larouchepub.com>

e-mail: larouche@larouchepub.com

'Dereg' Price Spikes Shutting Power And Heat To U.S. Factories and Homes

by Marcia Merry Baker

The first week in December—still early in this U.S. Winter of Discontent—the price of natural gas spiked to two record highs in four days, going from \$6.54 per thousand cubic feet on Dec. 1 to \$8.50 on Dec. 6, and hitting \$9.50 during trading hours on Dec. 7. This reference price level, called the Louisiana “Henry Hub” price, is more than double that of less than two months earlier. This development was directly forecast in *EIR*'s feature on “energy deregulation,” in the Aug. 18, 2000 issue. The consequences? Factory shutdowns, and threatened cutoffs of heat and light to millions. This is the direct result of recent years of deregulation, and implementation of “free” (rigged) markets in energy utilities.

Events immediately reported from Pennsylvania and California indicate the “hard times” and chaos now threatening all natural-gas-use regions. Though the particulars of gas differ from oil (most is produced in North America, not imported), and from electricity, the underlying causes of speculation, consolidation, and government deregulation of utilities are the same for all current energy supply crises.

In a chain of events paralleling the heating oil crisis in New England, and the electricity crisis in California and other western states, natural gas supplies were suddenly cut off, the morning of Dec. 6, to one or more factories in the heart of the Pittsburgh area's industrial zone.

An engineer at a Pennsylvania metal fabricating complex called *EIR* to report the shutdowns: “We had little or no notice. They call it a ‘curtailment’ of natural gas. Our plant is a steel fabricating mill run by American Extruded Products (formerly Babcock and Wilcox) in Beaver Falls, Beaver County, part of the industrial area near Pittsburgh. The 100 or so mill-workers were given one hour to leave work. The furnaces for heating steel for fabricating, and all other essentials, are being turned off. As of mid-morning, mill workers and supervisors were running around, trying to determine how to winterize the operations on short notice.

“The gas broker company, VP, is no longer reachable; its phones are cut off. We hear that VP has ‘walked away,’ because it did not have deep pockets enough to cover the difference between the wholesale gas prices—close to \$8 per thousand cubic feet—and our end-user contract price of under \$5. We don't know about prospects for gas in the near future.”

Other factories in Beaver Falls include J&L Structural; Maverick Tube, a rolled-steel products firms (formerly Babcock and Wilcox); and Koppel Steel (also formerly

Babcock and Wilcox). The same day as the mill closure, residents in other parts of Pennsylvania were receiving notice of whopping natural gas bill price increases. One Philadelphia state legislator said that on Dec. 6, he received his latest gas bill, with a letter enclosed saying that prices, as of Nov. 22, are *going up by three and a half times for residential customers.*

Gas and Power Shutoff in California

California, while treated more mildly by the Gulfstream, was hit with even harsher storms of speculation from the energy markets. Soaring gas prices caused Shasta Paper Co. in Redding to shut down and lay off 500 workers, and also affected Redding's medical centers and schools. Shasta Paper was paying seven times the natural gas price which it paid last June; both the company and the union appealed to the State Legislature to “fix California's gas and electrical regulation issues,” according to the Redding *Record Searchlight*.

Meanwhile, the entire state declared a Stage 2 emergency shutoff of electricity Dec. 5 and 6, and then a first-ever Stage 3 emergency for two hours on Dec. 7, covering 85% of the state. In Stage 2, the state's electricity Independent System Operator shut off power to certain industrial users; the public was told to keep their Christmas lights off to conserve power! When the Stage 3 was declared, hundreds of companies were ordered to cut electricity use, and the big state and Federal water pumps which power California's famous water distribution system, were temporarily shut down.

These shutoffs are guaranteed to be the order of the day, if the deregulated-markets policy is allowed to continue.

Markets Are Killing Off 'Marketers'

The particular element in play in the immediate natural gas crisis, exactly the same as with electricity in California and elsewhere, is that “marketer” companies are being killed by the markets—and the customer be damned. Marketers are the “middle level” entities sanctioned when, under deregulation, the links in the traditional energy supply chain have been cut up, sold off, and supposedly set up to function according to “market principles” and “competition.” In electricity, power generation is divorced from transmission, which is divorced from distribution, which is divorced from final retail sales. On top of it all, are the electricity “futures” markets. It is similar for natural gas, petroleum, and related products.

Right now, the natural gas “marketers” are caught be-

FIGURE 1
Natural Gas Prices

Henry Hub Daily Spot Prices, \$ per million Btu



Source: Energy Information Administration, from *Gas Daily*.

tween ultra-high wholesale gas prices, and their customer contract rates. So, the companies quit, and gas supply is cut off. Tomorrow, it could be that the California electricity-marketing companies, caught in the middle between the ultra-high wholesale electric rates, and what they can charge, will also say, "We quit. Sorry, Virginia, no lights this Christmas." At present, the California marketer companies have debts in the range of \$6 billion. Such is life in deregulated energy "markets."

In the Greater Washington, D.C. region, the Washington Gas Light Co. informed its residential customers on Dec. 5, that they can expect to pay 47% more for gas use this Winter; this was a revision upward from Dec. 4, when they said the rise would be "only" 37%! With present trends, this is an understatement. On the average bill, this means that you pay at least \$48 more per month.

In Maryland, gas-marketing companies are filing for bankruptcy, announcing financial restructuring, putting a hold on new customers, or terminating customer accounts. In November, without warning, AGF Sales & Servicing filed for bankruptcy, and said that it would drop its 2,000 Maryland customer accounts. Under AGF's terms of customer contracts, the company is to give 30 days notice prior to termination. But that did not happen.

Two other Maryland gas marketers, Perry Energy Services and Metromedia Energy, have given notice that they

will not take on any new customer accounts in the state; they announced intention—not confirmation—to continue with current customers. Yet another company, Connectiv Energy, gave due notice that it was unable to continue providing gas to any of its customers.

The Maryland Public Service Commission has moved in, and acted under a state provision, to reconnect suddenly abandoned gas customers, with the current major utilities—Washington Gas, Baltimore Gas & Electric, and Columbia Gas. In effect, this is re-regulation. Commission spokesman Robert Harris said that this is the first time anything like this has happened in Maryland's residential gas system.

California: Christmas Lights Out

Speculation-driven price rises for natural gas exactly parallel the speculation in "paper oil" on the New York and London oil futures markets. In California, the lead state in energy deregulation, electricity is also bought on speculative futures markets. The state has typically imported 25% of its electricity from out of state, but now, scarce supplies are seeking maximum return elsewhere, and shortages are hitting hard.

On Dec. 5, with state power reserves falling below the critical 5% level, the California Independent System Operator (Cal-ISO) declared a "Stage 2 Emergency" and called upon Southern California Edison and other investor-owned utilities to begin "load curtailment" programs, to selectively cut off power to customers in their service areas.

"Everyone needs to cut their use of power now to avoid outages," was the appeal on Dec. 5 by the vice president for customer service of Southern California Edison. The state government has asked that Californians wait until after 7 p.m. or later, to turn on their Christmas lights. The state tree will remain dark until further notice. Media have been instructed to broadcast to citizens that Christmas lights are the statewide equivalent of power for 1 million homes, and other warnings.

The worry as of the Dec. 9 weekend was that, if the state's power reserves were to drop below the emergency 1.5% level, then a "Stage 3 Emergency" would have had to have been declared, which has never happened statewide. During this stage, utilities will be directed to "drop load," by rotating power for involuntary outages for whole blocks of customers.

Other states are in various stages of power price and supply crises. In Massachusetts on Dec. 4, the state Department of Telecommunications and Energy agreed to allow utility companies to raise customer rates up to 12%, as of Jan. 1, 2001. Electric deregulation in the state went into effect in March 1998, and now the companies are complaining that they must pay more for the "market" price of buying electricity, than they are charging customers, so state energy officials approved the rate increase. Massachusetts Attorney General Thomas Reilly said, "I feel very badly for consumers, particularly low- and middle-income consumers, who are going to have a very difficult time absorbing these increases."

Economic Crisis Requires Emergency Government Intervention

Testimony to the City Council of Boston Committee on State and Federal Government Relations Hearing, Dec. 4, 2000, by John Hoefle, Economics Staff, Executive Intelligence Review, in support of: Resolution on Emergency Governmental Action To Reduce Oil and Natural Gas Prices.

The resolution now before the City Council is essential to protect the general welfare of the citizens of the City of Boston, the State of Massachusetts and the United States. Without prompt action to reverse the takeover of heating oil, natural gas, and electricity supplies by speculators who charge whatever the market will bear, many people will find the cost of heating their homes prohibitive, and some will die. Energy is not an optional commodity, but a necessity of human life, an essential element of the infrastructure required to support human life. There is no need for anyone to freeze in the dark.

No 'Supply and Demand' Problem

The first point which must be understood is that there is no shortage of oil; there is plenty of oil in the ground and plenty of oil being produced. The price of oil has tripled over the last two years, even though the volume of oil produced has been rising.

If a shortage of crude oil is not driving up prices, what is? To answer this, one must look at the changing nature of the energy business, with spot-market price speculation replacing long-term contracts, combined with a dangerous consolidation in the industry. This process is not limited to the energy markets, either; similar consolidation is under way among commodity producers, and the privatization of other infrastructure areas such as water and sewer, is also increasing.

What is driving this change is the ongoing collapse of the global financial system. Especially since the near meltdown of the global financial system in 1998, the financial sharks have been looking for ways to get their hands on the income streams of ordinary people to keep their bubble afloat. The idea is to get a piece of each monthly electric bill, each heating oil bill, each water bill, by inserting themselves as middlemen between the producers and the consumers. That is the essence of deregulation.

Speculation and Consolidation

There has been a gigantic increase in speculative trading in crude oil futures contracts, on the New York Mercantile Exchange (NYMEX), and on the International Petroleum Exchange (IPE) in London. At present, a single contract for West Texas Crude trades 15 times, before it expires. Think of it this way: Over the last two years, for every new barrel of oil that was pumped onto the market, 325 new *paper barrels* of oil were traded.

What about the actual refining, distribution, and sales? A handful of integrated companies, and a small number of others, now dominate the oil and gas sectors, far more than in the famous days of the "Seven Sisters." In 1998, there were the mega-mergers: British Petroleum bought Amoco (and later bought Arco); then, Exxon merged with Mobil, and France's Total with Belgium's Petrofina (and later Elf Aquitaine), creating a new class of giant oil companies. Throw in Royal Dutch Shell and the merging of Chevron and Texaco, and you have a higher degree of concentration in the oil industry than ever before. Look at the relationship between the price of oil and the timing of the mergers: The price was driven down, causing a shakeout in the industry; then came the mergers, and the prices soared. Does anyone believe this is a coincidence?

The financial and political interests represented in this concentration of power, have seen to it in recent decades, that less domestic oil has been produced; the refinery base of the United States has been reduced, and in other respects, the nation has become more and more energy-insecure. This has just been "good business practice," in the view of those positioned to make a killing off control and speculation.

Crude oil refining capacity in the United States is now lower than it was in the 1970s. This artificial reduction in capacity is the excuse given for today's shortages of gasoline and heating oil. U.S. oil refinery utilization is up near 97%. This means that there is no reserve safety margin, which should be at least 15%.

Deregulation

The key policy shift which allowed this insanity to take place, was the implementation of Federal and state *deregulation* in energy, in recent years, along with *globalization*. The oil mega-mergers were all rubber-stamped by the Federal

government. Why? You were told it was to “improve competition,” or “lower prices to the consumer,” or some other hoax. In fact, look at the BP-Amoco example. Their profits were up 94% in the third quarter this year over last. That’s the point.

The story is the same for natural gas, and for electricity and other commodities. To date, some 25 states have so far fallen victim to some form of the deregulation swindle.

In this context, look at the Strategic Petroleum Reserve issue. When, this Fall, some oil was released onto the “markets” from the Reserve, intended to help the heating oil supply for New England, more fuel oil instead went to Europe. Under the deregulated, speculative markets, it got a better price there. Better for whom?

The names and pedigree of the political and financial interests benefitting from the rigged markets, are identifiable. *EIR* has provided extensive documentation in the last six months. For here, suffice it to say that networks include, besides the well-known oil conglomerates: Enron in Texas, Duke Energy of North Carolina, and a network of others—all interconnecting with London-centered international financing. Right now, Enron executive Kenneth Lay is being mooted by the Bush transition team for Energy or Treasury Secretary. Gore’s backers intersect the same interests.

Hyperinflation

In fact, the hyperinflation we are seeing in oil and gas, and also electricity, characterizes all essential commodities, and relates to the fact that in the domestic and international economy, basic economic activity has been parasitized by cancerous speculation and consolidation of ownership.

Figure 1 shows various kinds of energy price inflation. **Figure 2** shows the double-digit jump in residential electricity prices in California—the leading energy deregulation state. **Figure 3** shows, as of early Fall, the double-digit inflation in all kinds of commodities—metals, chemicals, fertilizers, etc.

The next figures demonstrate the fact that in the world “casino economy,” the bubbles of speculation have reached the point of bursting.

The Nasdaq Composite (**Figure 4**) is now down about 50% from its peak, and shows every indication of heading lower, as the Internet mania disintegrates and the dot-coms reveal themselves to be dot-bombs. This one is not coming back. The price/earnings ratios are still, despite the drop, unsustainably high, and the phrase “down 90% from its peak” has become common when discussing the dot-coms.

Figure 5 shows the growth of derivatives. This is the mother of all bubbles, dwarfing the stock and bond markets in its ability to amplify millions of dollars of losses in one market, into trillions of dollars of losses across the board. Long Term Capital Management was the largest derivatives disaster to become public to date, but it won’t be the last. The derivatives market is a ticking bomb. Compare its growth to the level of world trade in goods and the gross world product.

FIGURE 1
Energy Prices Take Off

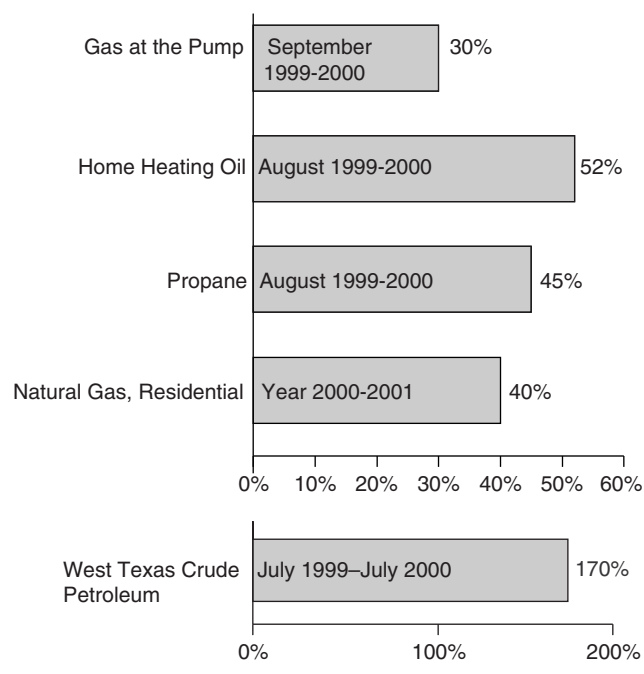
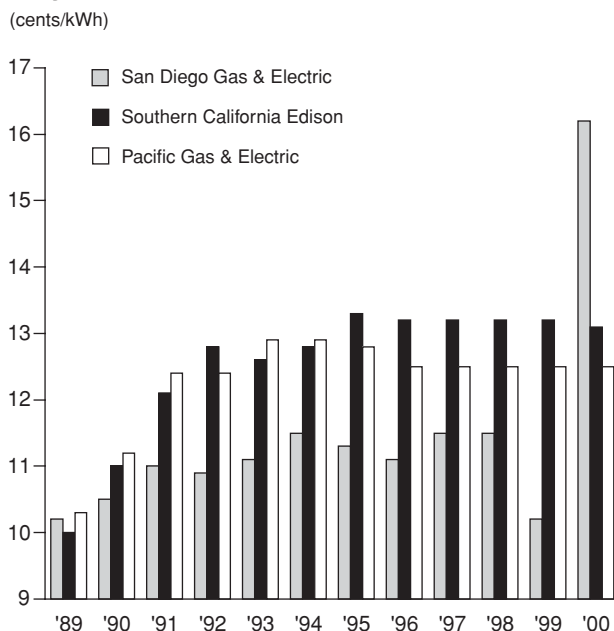


FIGURE 2
California Residential Electricity Rates, July 2000

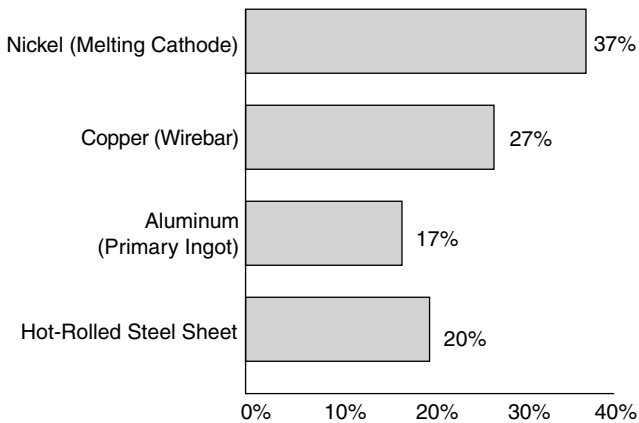


Source: California Electricity Options and Challenges, Report to the Governor, August 2000.

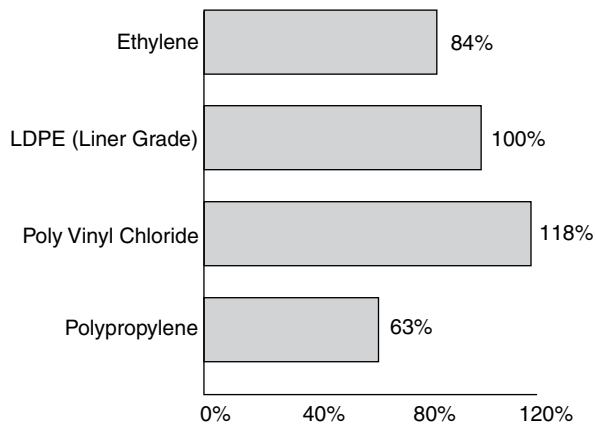
FIGURE 3

U.S. Price Inflation Is 3.5%?

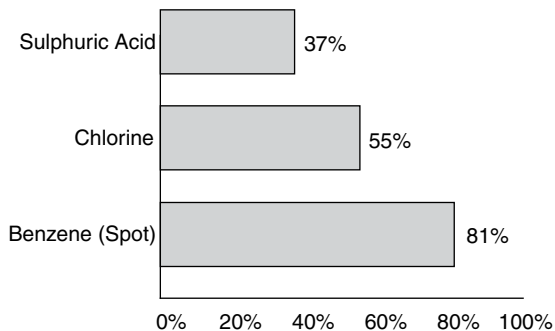
Metals Inflation Surges, May 1999 to May 2000



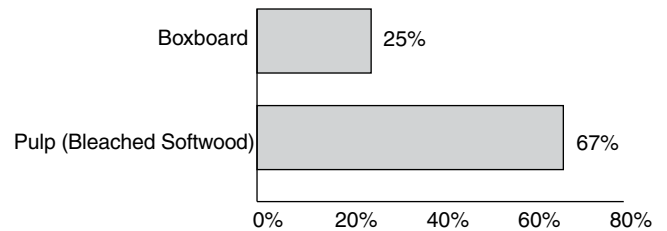
Plastics Inflation Surges, May 1999 to May 2000



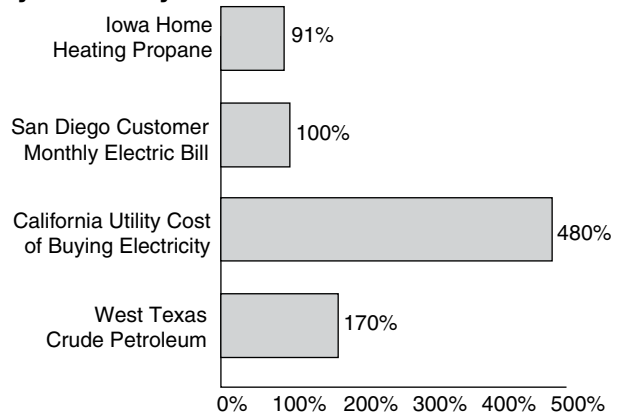
Chemicals Inflation Surges, May 1999 to May 2000



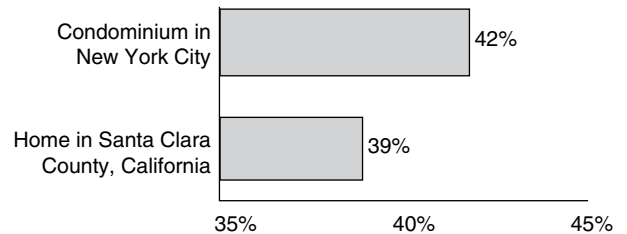
Pulp, Paper Inflation Surges, May 1999 to May 2000



Energy Price Inflation Surges July 1999-July 2000



Housing Price Inflation Surges, 2nd Quarter 1999-2nd Quarter 2000



Agricultural Inputs: Fertilizer Price Surges, May 2000-June 2000

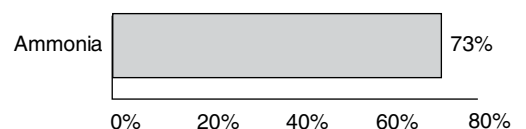


FIGURE 4
Nasdaq Composite

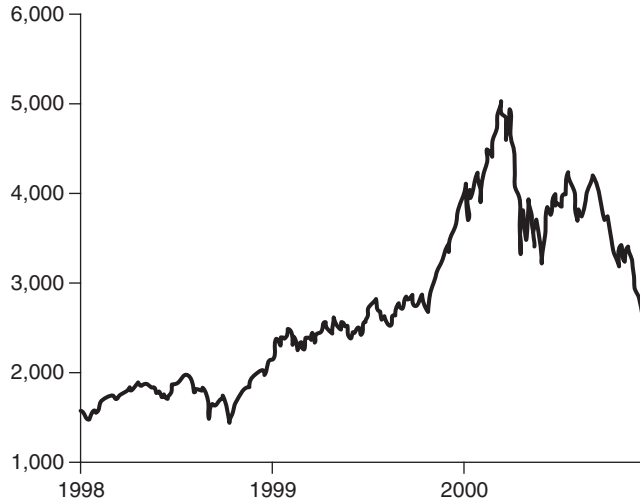
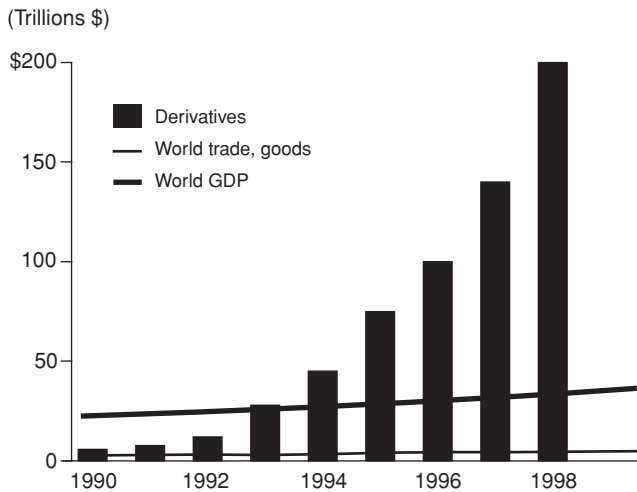


FIGURE 5
Growth of the Bubble: Derivatives Versus GDP and Trade, Worldwide

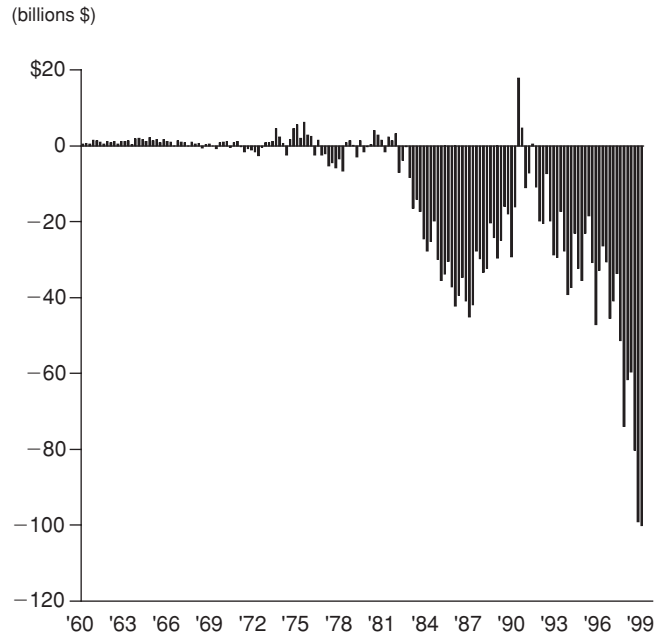


Sources: World Bank, *EIR*.

Derivatives aren't investments, they're bets, and Wall Street is the largest casino in the world.

Figure 6 tracks the U.S. current account deficit. The great U.S. economic boom has been based upon debt, with record levels of borrowing by corporations and households. The United States went over \$3 in debt for every \$1 increase in GDP in the 1990s. This debt can't be paid, and even making

FIGURE 6
U.S. Current Account Balance, 1960-99



Source: U.S. Department of Commerce.

the interest payments requires hundreds of billions of dollars a year in capital flows from other nations, as the current account deficit shows. If this inflow stops, the bubble pops.

What has been the Federal Reserve's and U.S. Treasury Department's response on this? Besides lying, that inflation is "mild and under control" (a mere 3.5%, so we were told), they have been pushing liquidity to keep the bubbles inflated. **Figure 7** shows the take-off in money supply—M3. In particular, world oil is traded in dollars, so the demand for dollars plays into the Alan Greenspan bubble world. More and more money is required merely to roll over outstanding claims.

If Greenspan quits pumping money into the system, it will collapse in a deflationary spiral. But if he keeps the money pump going, he'll trigger hyperinflation. Either way, the current system is dying. The real question is, what type of system will replace it. Will it be a system which protects the general welfare of the population, or will it be a system which attempts to protect the financial system at the expense of the people? That is the question before us, and the secret reason for the imposition of energy speculation.

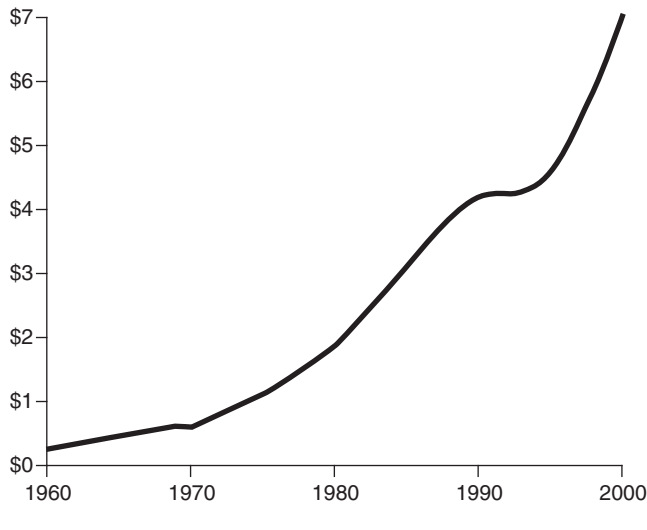
Precedents and Initiatives

This collapse process must be stopped. There are precedents and initiatives. The U.S. precedent is straightforward. Before the era of the last 30 years of floating exchange rates

FIGURE 7

Flooding the Markets with Money

(M3 money supply, monthly, trillions \$)



(started in 1971), speculation, deregulation, and globalization, there were stable government-to-government commitments for energy, production, and trade. That approach can be resumed.

In September this year, Lyndon LaRouche issued a memorandum on steps to resume the traditional policy of government-to-government commitments. This would side-track the speculators, and also create the context to set priorities for refining and distribution. This memorandum (attached as an appendix) has been widely circulated in Organization of Petroleum Exporting Countries (OPEC) nations and elsewhere.

On Sept. 27 and 28 in Caracas, Venezuela, the OPEC nations held “Summit II,” the first heads-of-state meeting in 25 years. The issue was raised of longer-term commitments between oil-exporting and oil-importing nations. Point 9 of the Sept. 28 twenty-point final communiqué stated the resolve to “actively seek new and effective channels of dialogue between oil producers and consumers.” The Venezuelan government offered to commit oil and refined product to New England states directly—an offer rejected by Secretary of Energy Bill Richardson, who said that it would interfere in “free” (i.e., rigged for cartels) markets.

On Nov. 17-19, in Riyadh, Saudi Arabia, the Seventh International Energy Forum, a group originally established following the catastrophic rise of oil prices during the 1990-91 Gulf War, was convened. On the eve of the Forum, the Arabic daily *Al-Arab International* (from London) ran the policy proposal, “Wanted: Oil for Technology Program for

All Arab Nations,” saying that the Riyadh gathering would be “an appropriate opportunity for opening a dialogue on this issue between the two sides, the mostly industrial consumer nations and OPEC.” On the scourge of speculation, OPEC Secretary General Alí Rodríguez, in an interview on Nov. 17 with France’s *La Tribune*, said that speculators in oil futures have “created a market that did not really exist, adding up to \$8 to the price of each barrel of oil. There were days, on which more than 150 million barrels—that is, double the world’s demand, were negotiated on the markets” by speculators.

The most strategic action in the direction of energy stability to date, is the 20-year energy-for-technology pact reached this Fall, between Russia and the European Union. On Sept. 25, German Chancellor Gerhard Schröder and Russian President Vladimir Putin met, and specified the value of long-term government-to-government oil trade. Russia, with one of the world’s richest sources of untapped oil and natural gas, would gain from receiving high-tech capital inflows from western Europe, to the mutual benefit of all.

U.S. State and Local Initiatives

These recent international actions show that there is motion in the direction of mutual-interest relations among nations on the question of energy, and potentially in other vital areas. The so-called energy “markets”—based on speculation and cartels—are blowing out, whatever we do. Therefore, linking up the initiatives of citizens in the United States with international motion, is critical at this turning-point period.

There are initiatives in other states that are of note in this respect.

Nevada: In September 2000, the state put a stay, and stopped in its tracks, pre-scheduled deregulation of energy supplies, given the electricity disaster evident in California, and other deregulated states. State Sen. Joe Neal (D-Las Vegas) was instrumental in mobilizing this anti-deregulation move, utilizing *EIR* documentation, and the Lyndon LaRouche policy proposals.

Pennsylvania: On Oct. 12, a group in the General Assembly introduced House Resolution 618, to “Memorialize the President and the Congress of the United States to take emergency action to reduce oil prices.”

California: On Nov. 21, the Public Utility Commission voted to call on the Federal Energy Regulatory Commission to impose price caps on electricity, because electricity prices in the state are not “just and reasonable,” because the “market is dysfunctional” because of extensive “market power.”

Pass the Needed Resolution

Action by the Boston City Council, in providing leadership in responding to the energy crisis, is urgent for the citizens of the Commonwealth and region, and also as encouragement for other states and even nations to act, before hardship and chaos worsen to an impossible stage.

Stop the Privatization of D.C. General Hospital

by Marianna Wertz

On Dec. 6, an explosive meeting of hundreds of Washington, D.C. residents heard Lynne Speed, a spokesperson for London LaRouche and *EIR*, denounce the planned shutdown of D.C. General Hospital and call for an immediate moratorium on all such shutdowns of necessary services in Washington, demanding that the D.C. City Council move on this immediately. When she likened the planned shutdown of the District's only full-service hospital for the uninsured and indigent, to the "crimes against humanity" for which Nazis were hanged at Nuremberg, the audience of 400 or more broke into loud applause.

Other speakers at the meeting, including its organizer, Rev. Mildred King, City Councilman Kevin Chavous, and Dr. Victor G. Freeman, a member of the Public Benefit Corp. board, which oversees D.C. General (see Dec. 1, 2000 *EIR*), all denounced the plans for privatization or shutdown of the hospital. Dr. Freeman cited the Hippocratic Oath, which binds physicians to "do no harm" to their patients, saying that the plan to downsize, privatize, or shut down D.C. General would indeed do harm to its thousands of patients, and that, in good conscience, he could not support it or remain silent any longer.

In our Dec. 1 issue, *EIR* reported on the impending privatization or closing of D.C. General Hospital, the only hospital in the nation's capital that accepts patients regardless of ability to pay. D.C. General is located in the Southeast quadrant of the District, home to most of the 80,000 uninsured D.C. residents, who rely on the century-old institution for most of their medical needs. That privatization is now in motion, with a bidding deadline set for Jan. 2, 2001.

Two days before the Dec. 6 meeting, the D.C. Financial Control Board, which runs the District's finances on behalf of the banking interests, issued an ultimatum that the city's elected leaders lay off 500 hospital workers by Jan. 31, to prevent what they said was the likely shutdown of the hospital on Jan. 15, when funding for D.C. General is expected to run out.

The fight over D.C. General is paradigmatic for the whole nation, not only because it is going on in the nation's capital. More than 15% of all hospital beds have been eliminated in the United States since the late 1980s, in privatizations and consolidations, as the ravenous managed-care industry has spread its tentacles nationwide. Many of the remaining hospitals are now in or near bankruptcy, just as the flu and cold season begins to hit. The loss of D.C. General as a full-service

hospital, willing and able to treat the uninsured in an area with Third World disease-levels, as labor leader Cynthia Perry points out in the interview below, will leave thousands more helpless citizens with nowhere to go.

This is also a fight over who will run the nation's health-care system—the financiers, or the duly elected government. At the head of the D.C. Financial Control Board sits former Federal Reserve Board member Alice M. Rivlin, who gave her royal imprimatur to the privatization deal in late November, pouting in a *Washington Post* interview that "this has taken too long, but at least we're here." It was Rivlin who then upped the ante on the city on Dec. 4, by demanding the layoff of 500 hospital employees—on top of the privatization plan.

Washington, D.C.'s elected City Council is in near unanimous opposition to the shutdown of the hospital as a full-service institution, though they are not all opposed to its privatization. Mayor Anthony Williams, a tool of the banking crowd, wants to privatize and convert the hospital into a 24-hour outpatient center, which leading medical officials in the District have warned will guarantee the needless loss of life this Winter (see *EIR*, Dec. 1, 2000).

The privatization plan would, at minimum, eliminate union representation and employment for D.C. General's 2,000 employees. Henry Nicholas, president of District 1199C National Union of Hospital and Health Care Employees/American Federation of State County and Municipal Employees (AFSCME), AFL-CIO, representing more than half the hospital employees, strongly opposes the plan and warned in late November that the union will go to court, if necessary, to stop the privatization.

Interview: Cynthia Perry

Cynthia Perry is the staff representative of the District 1199C National Union of Hospital and Health Care Employees/American Federation of State County and Municipal Employees (AFSCME), AFL-CIO at D.C. General Hospital. She spoke with Marianna Wertz on Nov. 27.

EIR: Last week it was reported by the *Washington Post* that representatives of the D.C. Financial Control Board, Mayor Anthony A. Williams (D), the D.C. Council, and the board of the Public Benefit Corp. (which runs D.C. General), have proposed to privatize D.C. General Hospital. District 1199C President Henry Nicholas said that the union would go to court to prevent this. Can you tell us more?

Perry: I met with the City Administrator this morning. What he did tell us, is that some of the information in the *Washington Post* is not correct, that they are in the process of setting up the specs for the consortium or individual to come in to take over the services at D.C. General.

Speaking from the labor point of view, which I did voice

at the meeting, that is a service that I believe the District should provide. I don't know if you're aware of the history, but the workers there have not had a raise in over ten years. We have a contract which was bargained two years ago, which was never paid off on. Meanwhile, you have management who come and go, who receive bonuses and raises, all on the backs of the workers in D.C. General.

So, now it looks like they're willing to sell those same workers, who have sacrificed, down the drain, in order to maintain some semblance of being a health-care provider.

I don't think, in actuality, that the private companies ought to be doing the District of Columbia's job. The District of Columbia, including the Mayor and everyone else who makes the decisions, has not had any commitment, period, to health care at all. They have sat around and watched it go down the tubes for a long time. This problem did not begin this year or last year. They have been content with just turning their heads and letting mismanagement run in the hospital, without anyone being held accountable.

As far as their privatizing it, the District of Columbia does not have a good track record of paying their bills, period. I can't imagine that there will be a company that will step forward to take over D.C. General. I posed the question in the meeting: What would happen if no one takes over? I don't know if you've tried to get answers from anyone in the District, but their answers are always evasive.

EIR: I presume that privatization means the end of the union.

Perry: It will be the end of the union as far as D.C. General, but I don't think that would preclude us from going wherever those workers go. Whoever takes over those contracts, we'll unionize them. Wherever they go, we'll be there.

EIR: When will the privatization process begin?

Perry: In mid-December, they are going to put out an intent-to-bid, they're going to do a pre-bid meeting, and they expect to have bids in by mid-January.

EIR: So nothing will happen until then?

Perry: Nothing will happen until then, but this is just what they said today. As you and I know, things will probably be subject to change in the next 12 hours.

The Public Benefit Corp., the City Council, the departments of the District have put all kinds of things in place, and everything has failed. Before anything hits, they already have put all these limitations on it, such as, if nothing is decided by a certain date, the hospital will close. It makes you ask, if they can't come up with a decision, is that their intent: to close it, anyway?

EIR: Several people have told me that that, in fact, is their intent, including the Mayor's.

Perry: I think it is the Mayor's idea. He was the Chief Financial Officer, not when the problems began, but he was the

Chief Financial Officer when the problems were happening. All of a sudden, he's Mayor, and he wants to take action. I think that, as Chief Financial Officer, he should have stepped in at that point, before it got to this point, where people say it can't be saved.

But I went over D.C.'s appropriation bill [in Congress], and it doesn't tell you what plan you have to do. It does say that there has to be a plan. And the plan can be the city running the hospital itself. When they come up with a plan to streamline finances, the plan can go forward. They can run their own hospital. They have funds available up to \$90 million that can be made available, once they have a plan in place. That's not limited. There are also capital funds, where they can build a new building. It doesn't have to touch anyone's budget. They have the tobacco settlement money, which can go toward health care and help fund the hospital.

But they don't want to look at those options of funding. You have those same people, who don't want to commit to health care in the District, they were willing to set up a private hearing on floating a bond for Georgetown University Hospital, but there's just no political commitment to health care in the District. And the District has high infant mortality, high morbidity rates, right there in the area where D.C. General is located.

EIR: It's among the highest in the country, isn't it?

Perry: Actually, the rates are comparable to Third World countries.

EIR: Have you looked at who the privatizers are, and what their relationship is to those who are pushing this?

Perry: One of the biggest institutions in there trying to get the money is Greater Southeast Hospital, and we all know how the District bailed them out. We also know how they're not in good financial standing right now either. How can the government be willing to send the money out to private companies, to take care of something that they can take care of themselves?

EIR: That's the question that has confronted us since it was first solved by Franklin Roosevelt, when he said, get the "economic royalists" out of government.

Perry: If you have anything for us to take to the table, we are more than willing to look at it.

To reach us on the Web:

www.larouchepub.com

New York City Low-Pay Jobs Explosion Shows U.S. Economy Is Collapsing

by Richard Freeman

During the past decade, especially since 1993, America has been called the “great jobs-creating machine.” But, the example of New York City confirms a process that has been true for the nation as a whole: Most of the created jobs were low-paying. Stripped of its ornaments, the false claim that America is in the 119th month of an “economic expansion” has rested primarily on its supposed ability to create jobs, but a significant percentage of those jobs provide too little income to support human existence. During the past decade, if one were to classify all jobs into four annual pay-scale categories—jobs paying less than \$25,000; \$25,001 to \$50,000; \$50,001 to \$75,000, and more than \$75,000—then, in New York City, the greatest number of jobs created were those paying \$25,000 or less per year.

The low-paying job creation represents the trajectory of an economy which, during the mid-1960s, had a post-industrial-society policy imposed upon it by the British financier oligarchy.

A key feature of that policy was the Aug. 15, 1971 decision to take the U.S. dollar off the gold-reserve standard, which divorced financial flows from actual production. That post-industrial-society policy shut down manufacturing, agriculture, and infrastructure, and built up non-productive services and a financial bubble. Over the last three decades, the financial bubble increasingly sucked the U.S. physical economy dry. The number of manufacturing jobs, which are necessary for the development of the economy and are also well-paying, contracted. Instead, there grew a proliferation of non-productive service-industry jobs, most low-paying, which were in the retail trade, day-care services, janitorial and cleaning work in office buildings, etc. A limited ration of the service jobs, however, created in the finance and real-estate fields, and reserved for the upper 20% of the population (by income class), was well-paying.

We look at the New York City study for 1989-99, to see the change in the composition of the labor force, and the sharp rise of low-paying jobs. Within that environment, we examine the shift away from manufacturing jobs to retail jobs. Finally, we see how this exhibits, in the microcosm, what is happening nationally.

Low-Wage Jobs Grow

Figure 1 shows the change in New York City employment, by industry wage-interval. This figure and some additional data are taken from a September 2000 study, “Building a Ladder to Jobs and Higher Wages,” prepared by the Community Service Society of New York, a community organization whose analysis of New York City employment is quite competent.¹ The study looks at the employment change between what economists call the “peaks of the business cycle,” which supposedly occurred in 1989 and 1999. Though economists use this term to describe the climax of economic growth, what it really describes is the climax of job creation. And most of these jobs, as we will show, were low-paying. The real physical economy underneath, especially infrastructure, was not climaxing, but collapsing.

The study, to arrive at the category of “jobs paying under \$25,000 annually,” took all those industries which paid, in 1999, an average wage of less than \$25,000 per year. Necessarily, if in 1999, an industry still did not pay an average wage to its workers of \$25,000 per year, then, during the 1989-99 cycle, it did not pay a wage, in current dollar terms, of \$25,000 per year. There were several sub-categories of industries, in which the average annual wage was less than \$25,000 per year. The total employment in these industries and sub-categories of industries was added up, and a sum presented for each year from 1989 to 1999. The same process was undertaken to calculate the total number of workers for each pay-scale category.

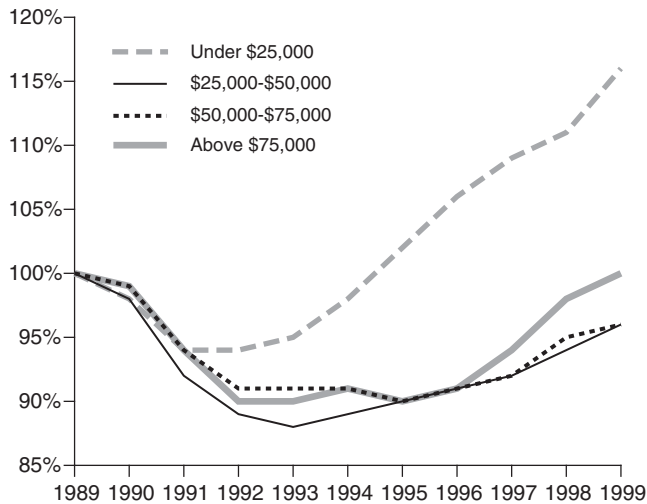
We emphasize here, why an annual wage of less than \$25,000 is of such great import as a marker of the deterioration of the economy. In 1999, the U.S. government established that the poverty level for a family of four was \$16,700 per year. But that level is a cruel joke. In fact, *EIR* would establish a bare-minimum poverty level as that which the Commerce Department calls “150% of the poverty line,” which, for a

1. The study is technically the product of the Working Group on the New York City Low-Wage Labor Market. However, this group was formed at the initiative of the Community Service Society, whose chief policy analyst, Mark Levitan, did most of the work in preparing the report.

FIGURE 1

Change in New York City Employment, by Industry Wage-Interval

(Percent of 1989 Level of Jobs)



Source: "Building a Ladder to Jobs and Higher Wages," a report by the Working Group on the New York City Low Wage Labor Market, and the Community Service Society.

family of four, qualifies as \$25,050 per year. This is still not enough to raise children productively: In New York City, a family of four would require a pre-tax income of \$50,000. Thus, someone who earns below \$25,000 per year is, indeed, earning a level that is below bare-minimum poverty. It should also be kept in mind, that many of the jobs in the under-\$25,000-per-year category, only pay \$8-15,000 per year. So, even if a family has two of these jobs, they can still be earning below the poverty level.

Figure 1 starts by setting the level of employment in 1989 for each of the four annual pay-scale categories as equal to 100%; then, it expresses the level of employment for each subsequent year, as a percentage of the level that existed in the 1989 base year.

Two points about the performance of the four curves, become manifest. First, each begins to dip after 1989, reaching relative low points in either 1992 or 1993. Then, they all start rising. From the low-point of 1992-93, each of the four curves shows an employment gain.

Second, if instead of measuring employment level changes, starting with the nadir of 1992-93, the measurement is made from 1989, a more telling picture emerges. In this instance, two of the curves—the "middle income" jobs—never make it back to their 1989 employment level, and a third only barely exceeds its 1989 level. The only curve that makes a major gain relative to 1989, is the one representing jobs that pay under \$25,000 per year.

TABLE 1

Changes in New York City Employment, by Industry Wage-Interval

Average Annual Wage	Employment (thousands)		Change 1989-99
	1989	1999	
Less than \$25,000	508.94	589.86	+80.92
\$25,001-\$50,000	1,862.79	1,796.50	-66.29
\$50,001-\$75,000	482.60	462.82	-19.78
More than \$75,000	638.06	641.01	+2.95

Sources: "Building a Ladder to Jobs and Higher Wages," a report by the Working Group on the New York City Low Wage Labor Market, and the Community Service Society; *EIR*.

To be concrete: In 1989, there were 508,942 workers employed in New York City, in industries which paid less than \$25,000 per year. The 1989 employment level was set equal to 100%. In 1992, there were 477,996 workers employed in industries which paid less than \$25,000 per year, which represented 93.9% of the 1989 level. This was a relative low point. However, by 1999, there were 589,862 workers employed in industries which paid less than \$25,000 per year, which represented 115.9% of the 1989 level. Since 1989, there were 80,920 jobs paying under \$25,000 per year added to the New York City workforce.

City Headed Backwards

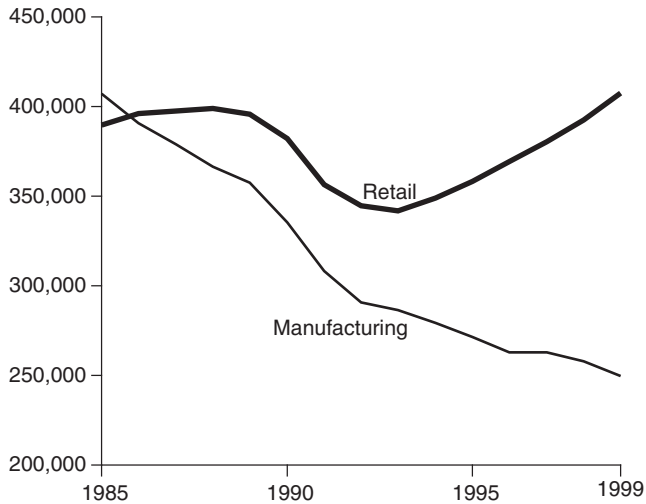
Table 1 shows the gain or loss in employment between 1989 and 1999, for each of the four pay-scale categories. In this period, the pay-scale category of \$25,001 to \$50,000 per year lost 66,282 jobs, and the category of \$50,001 to \$75,000 per year lost 19,781 jobs. Together, these two categories lost 86,063 jobs. The pay-scale category of over \$75,000 per year, registered a slight gain of 2,944 jobs. Thus, almost all the job growth in New York City occurred in jobs paying under \$25,000 per year, that is, jobs paying below what *EIR* calls the real, bare-minimum poverty level.

Figure 2, showing the level of employment in New York City of manufacturing and retail, indicates a reason for the shift. In New York City, between 1985 and 1999, the number of manufacturing jobs dropped from 407,235 to 249,713, a fall of 39%. These jobs are indispensable for the development of the economy, and are also well-paying (with the exception of the low-paying jobs in the garment industry). By contrast, during this period, the number of retail jobs rose from 389,799 to 407,629, a gain of 5%. In addition, since 1985, there were 312,254 jobs created in the service area, many of them as aides and orderlies in health care, housekeepers at hotels, janitors and cleaners at office buildings, security guards, and so on.

Whereas non-supervisory jobs in manufacturing pay

FIGURE 2

New York City Retail Employment Versus Manufacturing Employment

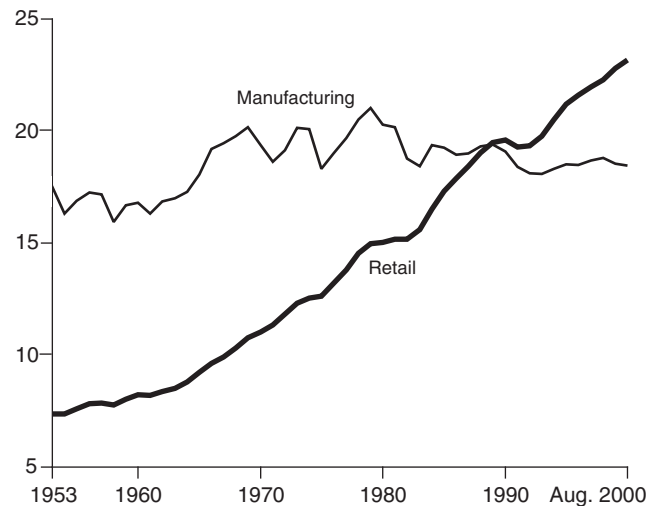


Sources: New York State Department of Labor; *EIR*.

FIGURE 3

United States Retail Employment Versus Manufacturing Employment

(Millions of Workers)



Sources: U.S. Department of Labor, Bureau of Labor Statistics; *EIR*.

\$29,750 per year (itself not enough to support a family), non-supervisory jobs in the retail trade pay \$13,700 per year (these are U.S. Department of Labor figures for the nation as a whole, but the New York City levels do not differ significantly). Jobs in the service sector for housekeepers, janitors, and security guards pay the same low wage as jobs in the retail trade. In the case of security guards, many positions pay only \$7 per hour.

Thus, New York City is headed backwards, with increasing numbers of low-paying jobs.

Just as *EIR* has done for the past ten years, the Community Service Society also focussed on the level of 150% of the poverty line. In its report, it writes, “measured by the standard of income adequacy, 150% of the Federal poverty line, nearly one-third (32.9%) of New York’s working families do not have a sufficient income.”

Further, even by the measure of the official poverty line, and not employing the more realistic 150% of that level, the poverty rate for New York City working families with children jumped from 11.0% in the late 1980s, to 19.2% in the late 1990s.

The collapse in living standards, as typified by the increase in low-paying jobs, is part of the collapse of the physical economy of New York City as a whole. Many New York City bridges are rated by the Federal Highway Administration as “structurally deficient,” water mains and water systems break down frequently, and so on. As *EIR* has reported (see “Hyperinflationary Price Explosion in Housing Sweeping the U.S.,” *EIR*, Sept. 15, 2000), by the late 1990s, the number of

extremely-low-income renter households exceeded the number of available low-cost apartments by half a million, according to a study by the New York Coalition for the Homeless. *In 1999, more than 500,000 renter households in New York City paid more than half of their income for housing. This represented 27% of all New York City renters paying more than half of their income for housing.* Households cannot survive on that basis.

The Pattern for the Nation

The study of New York City job creation is an important lesson for the nation. While it is not representative of the nation in the respect that, between 1989 and 1999, it did not experience a total growth of jobs, in other respects, it is representative.

For example, the shift away from manufacturing jobs to retail jobs is also occurring nationally. **Figure 3** shows, for the United States as a whole, that since 1989, manufacturing employment has lost 926,000 jobs, while the retail trade has gained a whopping 3.690 million jobs. The manufacturing jobs are productive and well-paying; the retail jobs are non-productive and low-paying.

The national economy has not experienced 119 months of economic expansion. It has experienced a deepening collapse of the physical economy, and a steady, but pronounced fall in living standards. The New York City study of the proliferation of low-paying jobs is a strong example of this trend in America’s largest city.

Both ‘Mad Cow’ and AIDS Were Covered Up

by Paul Gallagher

Since *EIR*’s documentation, last week, of the past 15 years’ poisoning of the animal-feed chain by British multinationals and Margaret Thatcher’s governments, an official *panic* over “Mad Cow” disease (bovine spongiform encephalopathy, BSE) has been declared by the European Union (EU); and the 1980s British cover-up of the disease has been exposed in the German newspaper *Frankfurter Allgemeine Zeitung*. The period of the 1980s, in which British scientists were threatened against revealing that Britain was incubating and exporting Mad Cow disease, overlaps exactly that period in which the “takeoff” of the AIDS global pandemic was covered up in the same way. During those years, the political movement of Lyndon LaRouche urged *panic* over AIDS—strict and robust public health measures against AIDS as a fully reportable disease. This is the kind of panic which is now breaking out, 15 years too late, over BSE. Scientists collaborating on the AIDS problem then, with *EIR* and LaRouche, were targeted and intimidated in the same way as those, we now learn, who were on to the spread of BSE.

In Germany, where the current panic is most extreme, and beginning to suggest the banning of human consumption of meat, the *Frankfurter Allgemeine* full-page exposé on Dec. 1 stood out. One of its sections, published separately online under the headline, “BSE Specialist Appeals to German Public,” deals with British microbiologist Stephen Dealler.

“Mr. Dealler, one of the first scientists to warn about the dangers of BSE, says that the British government systematically suppressed and manipulated scientific research for almost 15 years to keep the truth about BSE from the public. According to Mr. Dealler, the British government awarded no research contracts for developmental work in diagnosing BSE or treating the disease. Researchers had only been allowed to analyze tissue samples from animals with government approval. . . .

“Mr. Dealler is a key figure in the history of BSE. In 1987, he wrote about the grave health risks of beef contaminated with BSE. Immediately after publication, Mr. Dealler was deprived of all research funding.”

This is precisely the time at which the Thatcher government allowed British animal-feed conglomerates to begin exporting, on a large scale, animal feed which they knew to include rendering of parts of animals from herds infected with BSE and its counterpart in sheep, scrapie. They knew that the temperatures at which they were being allowed to render the

animal parts, were at or below scientific minimum temperatures for disinfection. They also knew then, as *EIR* documented as long ago as 1996, that this practice (which was against all competent scientific advice) had already been spreading BSE among British cattle herds. Thatcher’s “deregulation” policies had allowed the British food multitis to cheat on public health for profits in this way; and scientists such as Mr. Dealler were not to be permitted to stand in the way.

“The young scientist began his own research,” reported the German daily. “He had a powerful ally in his teacher, Richard Lacey, a leading microbiologist. Mr. Lacey said later, ‘Parliament certified me as mad. Prime Minister Thatcher [trained as a chemist—ed.] knew everything, but wanted a delay. . . .’ Mr. Dealler is appealing to people in Germany. ‘I can only ask you not to make the same mistake as Great Britain did. You have some great scientists here, whose findings you should heed, even if they have unpleasant consequences.’ His aim is to make us realise: ‘The risk of BSE is greater than you think.’ ”

A Cost of Many Human Lives

At least 82 Britons have now died of the human form of BSE, Creutzfeldt-Jakob disease, and the total number sickened with this “crossover” disease is now put at more than 100. The causal agent is still not positively identified; the incubation period in humans is believed to be very long, and these cases may be the edge of an avalanche of infections in Britain back in the 1980s, when people began eating beef from infected herds in significant quantities. Cases of the human form have now appeared in France, and BSE-infected cattle in France, Spain, and Germany.

On Dec. 5, an EU emergency summit banned the use of meat and bone meal in livestock food. Agence France Presse reported that “they also voted to test for BSE after slaughter, beginning July 1, all cattle over the age of 30 months. Between Jan. 1 and then, all untested animals will be removed from the food chain and destroyed.” The German government voted against, thinking that even these drastic measures were not enough; within Germany, quarantining of entire beef-ranching sections is being proposed by state governments, and Green Party government ministers are talking about banning the sale of meat.

It is impossible to overlook the tragic irony in this spreading official panic. The same parties now in governments proposing such extreme “public health measures,” were insistent 15 years ago on protecting the “civil rights of the AIDS virus.” They were part of the global expert consensus that AIDS should *not* be made a reportable disease, that all testing for it should be voluntary, that it could not be casually spread and would not become a pandemic.

Had governments and public health authorities declared a panic *then*, in the 1980s, when competent scientists sounded warnings about both AIDS and BSE, the lives of many thousands of AIDS victims could have been saved.

Growing Concerns About Economic Policy Direction in India

by Ramtanu Maitra

While “growth” is the key word for overall stability in Beijing, the Indian government of Prime Minister Atal Behari Vajpayee is finding it difficult to convince citizens that India has the wherewithal to achieve, and maintain, as China did for years, a double-digit growth rate for any extended period of time. What makes the ruling Baharatija Janata Party-led coalition government even more worried, is that a section of the population, many of whom are its political supporters, have begun to question whether the government is fully aware of what “growth” really means.

The economic debate on the growth issue, however, is yet to reach a dimension which can threaten the political stability of the Vajpayee government. It may not be an issue in the short term, but the government, and the Finance Ministry in particular, has earned little credibility by claiming that growth is what the government is after.

In this, too, they have bungled. After insisting for months that the growth in the present fiscal year (April 2000-March 2001) will be more than 7%, and then, scaling down the growth rate to a lower figure, which Delhi may have to abandon in the coming couple of months, the Vajpayee government has given the impression that all it wants is to put forward a rosy economic picture. What is evident, however, is that with the exception of the mining sector, all sectors have shown a drop in growth.

As the global economy has begun to slow down, some observers point out that Delhi will have to forego its mantra of “growth” and deliver real development. Even if the world economy does not shrink significantly in the present fiscal year, the Indian economy, which is not overtly dependent on the health of any single nation’s economy, will find it difficult to attain 5% growth. Meanwhile, the government is trying to fend off queries about how bad inflation will be by the end of this fiscal year. If the indicators turn out to be relatively accurate, India will be facing a 6% inflation rate by the time the present fiscal year comes to an end.

Echoing such concerns, a spokesman for India’s leading chamber of commerce, the Confederation of Indian Industries (CII), said at a press conference in Delhi on Dec. 4, that the “slowdown in industry is becoming more ominous” and is going to take its toll on the overall growth of the nation’s economy.

What Is Wrong?

It is not very difficult to find the things that are wrong with the Indian economy. It is yet another matter, however, to make them right. More important, perhaps, is the issue of priority. In other words, what things are to be set right first in order to achieve real development. It is in prioritizing what things should be made right first, that the Vajpayee government has perhaps faltered. What Delhi fails to realize—and there are many economists, Indians and foreigners, who are ready to delude the politicians—is that while growth can be eked out, development needs greater focus and a clearer vision. By emphasizing the strengths of the economy entirely on the basis of India’s foreign exchange reserves, its ability to attract foreign direct investment, to achieve greater exports and imports, to ensure liquidity flow to India’s stock markets, and then, identifying them as the main indicators of development, the Vajpayee government got itself out of the development track and into the treacherous and slippery “growth” path.

A clear indicator is the domestic economic outcome for the first half of this fiscal year. The electricity sector in India, a power-starved nation, has attained only a 3.4% rate of growth in the first half of this fiscal year. The figure for the equivalent period last year was 7.7%—not adequate, but much more respectable than what the government could deliver this year. Across the board, sectors are registering drops in growth. If the Finance Ministry’s figure of 6% growth is to be attained, both manufacturing and industry have to attain double-digit growth in the second half. How that would be possible with the electricity sector lagging so far behind, is anybody’s guess.

The problem is that it is not only the Vajpayee government which is suffering from such lack of focus. Economic managers have dictated policy to all the governments that came to power in the 1990s. None had the vision or the courage to respond, not only to the immediate situation, but also to the future.

In some ways, this government has some focus, but it has not succeeded in translating that into a real gain. For instance, last year Prime Minister Vajpayee had correctly identified that India’s progress, which means pulling 300 million Indians out of unspeakable misery and providing them with

some economic dignity and freedom, depends heavily on the huge small-scale sector. Outside of agriculture, India's small-scale sector provides employment for the largest number of people. It also accounts for about 65% of India's manufactured goods, and contributes generously to India's exports as well.

But the state of India's small-scale sector is for one to see. The Prime Minister did see it and recognized it, but did not act upon it adequately. Some financial sops were offered to the small-scale sector, but no concerted effort was made to institute a long-term mechanism whereby small-scale firms can receive first-rate technologies. As a result, India's small-scale sector has remained vulnerable to global manufacturers. Some Chinese companies have already identified the weakness of many Indian small-scale manufacturers, such as those for glass, bicycles, plastics, and toys, among others. The Indian market is getting swamped with illegal Chinese products, and foreign manufacturers are now slaughtering the small-scale manufacturers who should have been strengthened years before. While the Indian reformers, since 1991 in particular, were assuring the consumers and manufacturers that globalization will usher in "competition," which will beget "efficiency," which will beget "productivity," and which will provide the investible surplus, what happened in reality is that India's manufacturers were weakened. So far, Delhi has not responded seriously to this problem.

Lack of National Capital

The other failure of Delhi, is its increasing dependence on foreign direct investment (FDI). Most of the foreign direct investment has come in the form of speculative investments in India's stock market, where select scrips have seen a steep rise in their stock prices, while stocks of some of major Indian manufacturers have continued to languish at very low valuations. These investments could leave just as easily as they came, leading to a greater financial instability in India's financial markets.

India's efforts to bring in FDI in major infrastructure sectors, such as power, ports, highways, and communications, have not met with significant success. In the power and telecommunications sectors, some FDI has come in, but India had to pay a heavy price for it. The highly controversial Enron Power project has weakened the Maharashtra State Electricity Board significantly, because it is selling power to consumers at less than half the price that it is buying power from Enron. In essence, the state is subsidizing Enron.

The government is also feeling pressure on infrastructural weaknesses from the captains of Indian industries. In an action plan submitted to the government in late November, the Associate Chambers of Commerce and Industry (ASSOC-HAM) has called for immediate steps to upgrade technology, improve maintenance, extend use of information technology, and bring in fresh investments in Indian Railways. Stressing the need for railways to embark on a high-growth trajectory,

the reports deplored that no fresh technology has been injected into the Indian railway network in recent years. "The technology of the 1990s is far more efficient and cost-effective," the report added.

Some Positive Developments

In the power sector, the Prime Minister's Office (PMO) has finally intervened. Recently, the PMO has given the mandate to the finance and power ministries to firm up the proposal and arrive at the payment security mechanism for three large projects—Hirma, Ennore, and Pipavav—by Dec. 10, so that the proposal can be put for approval in the Cabinet in the third week of December.

This is a significant move, as growth in the power sector is crucial for overall development of India's economy. The 3,960 megawatt Hirma project is promoted by Reliance-SEAP, the 1,000 MW Ennore project by the Aditya Birla Group, and the 2,000 MW Pipavav project is promoted jointly by GSIDC and some overseas companies.

A major thrust has been given by the Vajpayee Administration to make liquid natural gas (LNG) a major energy source of India in the future. Four large foreign-financed projects are on stream now. A consortium headed by British Gas, which includes India's National Thermal Power Corporation (NTPC), is planning an import terminal at Pipavav, which will

NOW Are You Ready To Learn Economics?

Lyndon LaRouche's 1984 textbook, *So, You Wish to Learn All About Economics?*, forecast a global financial meltdown, if we didn't learn the difference between real economics and financial speculation. Unfortunately, most people refused to listen. Today, they are finding out that LaRouche was right.



This new book reprints three of LaRouche's most important articles on what must be done *after the crash*.

ORDER NOW FROM EIR
\$10 plus shipping and handling
Bulk orders welcome.

EIR News Service, Inc.
P.O. Box 17390
Washington, D.C. 20041-0390

OR Order by phone, toll-free: 888-EIR-3258
Visa, MasterCard accepted

OR Send e-mail with Visa or MasterCard number and expiration date to: eirms@larouchepub.com

Shipping and handling: \$4.00 for first book, \$.50 each additional book.

handle energy imports from Yemen. Enron is also building a terminal to import gas for power generation in Maharashtra. The LNG will come in from Oman and Abu Dhabi. Enron's MetGas unit would distribute gas to other consumers in southern India via a pipeline grid. Another consortium, headed by Siemens, Woodside Petroleum, and Unocal, is planning to build an import terminal at Ennore to supply gas for power generation. TotalFina of France, in a joint venture with Tata Electric Company and the Gas Authority of India Limited (GAIL), is planning a facility at Trombay, which will supply gas to a power station and other users in Maharashtra. Petro-net, a joint venture of India's public sector companies, plans two import terminals, one at Dahej and the other at Cochin. Qatar's RasGas has signed an agreement for LNG supplies beginning in mid-2003.

Similar developments have also occurred in various highway projects that are now being undertaken. India is in the process of building a four-lane north-south and a four-lane east-west highway corridor. These highways are scheduled to be completed by the year 2005.

The other area of growth is in India's Information Technology (IT) sector, which has grown phenomenally in recent years. However, the contribution of the IT sector, while still minimal in the context of India's overall economy, is now producing 1% of India's GDP.

Despite the fast growth registered by the IT sector, much of the hardware and equipment used in India comes from abroad. India's hardware manufacturing is less than that of China, Taiwan, Korea, Malaysia, Singapore, Thailand, and the Philippines. The fast growth of the IT sector has ushered in yet another problem. The huge increase in salaries of senior managers and the professionals in the IT sector have created what the Prime Minister described as a "digital divide" within the Indian workforce. Expressing concern over such disparity in income, Prime Minister Vajpayee has urged caution to those who are pushing faster development of the sector.

Inaugurating a conference on "Globalization and Democracy" in Delhi on Dec.5, Vajpayee warned that the continued deprivation of the poor of the benefits of globalization could pose a threat to world peace, stability, and orderly progress. "Why has globalization not met with enthusiastic acceptance by all the people all over the world? The answer . . . lies in our failure to cast globalization in a democratic mold," he said.

Delhi has taken some important new initiatives, which may in the future bring economic benefits. India's recent oil-for-food barter agreement with Iraq is going to benefit both nations. India has shown serious intent not to remain dependent on a single source for oil and gas. In this context, India's bilateral agreement with Malaysia and Nigeria is of great import. Baghdad has reported that India will be developing Iraq's Tuba oil field in order to further strengthen its bilateral relations with Iraq and solve some of India's huge energy problems.

Ugandan Ebola Fever Outbreak Is Not Under Control

by Linda de Hoyos

The death on Dec. 5 by Ebola fever of the doctor in northern Uganda who first issued the alert that the fever that was presenting could be Ebola and forced its testing, has refocused attention to the fact that the epidemic of Ebola fever is not under control. Dr. Matthew Lukwiya, Medical Superintendent of St. Mary's Hospital in Lacor, Uganda, died of the Ebola fever after working double shifts for days caring for nurses who had contracted the disease. The epidemic of the deadly hemorrhagic fever broke out in late September. Since he first forced the testing and diagnosis of the Ebola fever, Dr. Lukwiya had led a staff of nurses and doctors, working with Ebola specialists from the Atlanta Centers for Disease Control and the World Health Organization (WHO), in efforts to halt the epidemic.

Ebola swiftly kills its victim by the beginning of the second week of the appearance of the symptoms. The virus causes a disintegration of the walls of blood vessels, thus causing a breakdown of organs and hemorrhaging. Very little is known about the virus, and researchers are in as grave a danger working with it as health workers are in treating people.

In this latest outbreak of Ebola, 359 people have come down with the disease and 151 have died. Thanks to the work of Dr. Lukwiya and others, the death rate for Ebola, which was 85-90% during the last major outbreak in the Congo in 1995, was brought to the 40% range.

There is no known treatment for Ebola fever at this time. The Centers for Disease Control assured inquirers that "Dr. Lukwiya received the best support we know how to give. His death, along with all the others, shows us how terrible this disease is and that we still have a long way to go to find effective therapies."

Dr. Lukwiya's death is a terrible shock to the Acholi community of northern Uganda, which has borne the brunt of the Ebola outbreak, and also to the international community. News of his death circulated around the world in newspapers from Japan to India to Brazil to the United States.

New Cases Are Continuing To Present

The news of the latest outbreak has now given the lie to the report issued by WHO on Nov. 29, the day before Dr.

Lukwiya admitted himself to the hospital, that the Ebola epidemic in northern Uganda is contained. "The more recent cases in Gulu arose from victims who had already contracted the disease but were undiscovered by the authorities," the WHO report said. But on the ground, source say that cases are continuing to present, and that 24 new cases were reported on the day of Dr. Lukwiya's death, followed by 17 more cases on Dec. 6. The disease has been found primarily in Gulu, but eight people have died in the district of Masindi, and cases have been found in Mbabara in Uganda.

Furthermore, in the week before he fell ill, Dr. Lukwiya sent out an urgent call to the Acholi community abroad to send medical gloves, boots, and gowns that are required for the "barrier nursing" used by health workers to take care of Ebola patients. Without such means, health workers, who have enormous exposure to the disease, will quickly succumb to it.

In addition, Ugandan Health Minister Crispus Kiyonga was honored by the international community for his role in stemming the epidemic. However, according to Ugandan sources, five ambulances that were donated by UNICEF to the medical system in Gulu are still in the Ugandan capital, Kampala. Funds allocated to fight the epidemic also have been held in Kampala. Only 60 million shillings of 200 million shillings allocated have reached the north of the country, while local authorities are strapped for cash to take care of family survivors of victims and to keep the medical system going.

Health Workers Suffer

Before Dr. Lukwiya fell to the disease, 12 nurses, including three student nurses, had died of the disease at St. Mary's. Of the total epidemic deaths, 22 were health workers. Early in November, ten nurses at Lacor Hospital came down with the disease, and there was a sitdown strike among staff. The government has now promised compensation to the families of health workers who have died of the Ebola fever.

Even before the death of Dr. Lukwiya, the *New York Times* reported in an editorial on Dec. 4, that "the infection rages" in northern Uganda "for the most mundane reasons. Local hospitals cannot afford soap, bleach, and gloves, the elementary infection control tools that would contain the disease."

The *Times* said that "first line of defense is the African nations themselves," and commented that industrialized nations can help by cancelling the debt, because African governments are forced to pay debt service at the expense of maintaining minimal medical services. However, the Ugandan government has been the biggest recipient of donor largesse and debt forgiveness. As the *Times* noted, "If many of these governments can find tens of millions of dollars for armies and weapons, they can surely afford to make health a priority."

While this charge does not fit for most African govern-

ments at all, it definitely does for Uganda. Under President Yoweri Museveni, Uganda has been in a constant multi-front war against its neighbors on behalf of private Western interests. With his troops in eastern Congo now lining the pockets of officers with gold and diamonds, the people in the country suffer a complete breakdown of all services. Uganda once had the finest medical system in Africa, second only to South Africa. Today, death rates are high in Uganda for all diseases, not only AIDS.

It is noteworthy that the President has not said one word about the outbreak of the Ebola fever, until the death of Dr. Lukwiya.

Outpouring for Dr. Lukwiya

"People are devastated," said Onek Paul, director of health services for Gulu, in telling reporters of the impact of Dr. Lukwiya's death. "He was a driving force in our community." That was the case long before the Ebola fever broke out. The districts of northern Uganda have been a war zone for the last 14 years in a pointless war between the Lord's Resistance Army (LRA) and Museveni. Museveni has never deployed his troops to defeat the LRA, and has also never attempted to seriously bring them out of the bush. The main victims of the war have been the Acholi community of northern Uganda. Nearly half the Acholi have been displaced and live in squalid camps without food, water, sanitation, or medical services. Dr. Lukwiya has devoted his time to working and helping people in the camps since they opened in late 1996.

Dr. Lukwiya had a masters degree in tropical pediatrics, and was to complete in March a masters in public health. Thousands of people attended a mass said for him at St. Phillips Cathedral. Pope John Paul II commended the dedication of Dr. Lukwiya, in a message delivered by the Apostolic Nuncio who said the mass. The leading spokesman for the Bugandan community of Uganda expressed the grief of the entire country: "We salute this special breed of a man whose death should be a shining example and challenge to the rest of us, to intensify the fight against this deadly disease and to emulate the exemplary courage and care he has selflessly exhibited to those in need."

Check Out This Website:

www.larouchespeaks.com

China Reveals Its Long-Range Space Plans

by Marsha Freeman

Up until one year ago, the world generally learned about China's activities in space only after the fact. China's space program was as secret as that of the former Soviet Union.

In November 1999, China carried out an uncrewed test of a new space vehicle, named Shenzhou, which is designed to carry astronauts into Earth orbit. For the first time, Chinese space officials spoke publicly about the mission while it was under way, and the amount of information that was released to the media was almost as surprising as the mission itself.

On Nov. 22 this year, the Information Office of the State Council of China released an eight-page White Paper, summarizing the past accomplishments and future plans for the Chinese civilian space program. Titled simply, "China's Space Activities," the White Paper lays out a 20-year perspective in this crucial area of economic and research and development activity, the foundation of which is based on the principle that the exploration and utilization of space is an "integral part of the state's comprehensive development strategy."

In contrast to the United States and most other nations, where space programs are treated as just another "line item" in an annual budget, pitted in a competition with other domestic spending programs, China's space program is seen as making a critical contribution to the long-term economic growth of the nation. "As a developing nation," the White Paper states, "China's fundamental tasks are developing its economy and continuously pushing forward its modernization drive."

The "aims and principles" of China's space activities are clearly stated: "to explore outer space, and learn more about the cosmos and the Earth; to utilize outer space for peaceful purposes, promote mankind's civilization and social progress, and benefit the whole of mankind; and to meet the growing demands of economic construction, national security, science and technology development and social progress, protect China's national interests, and build up comprehensive national strength."

What the White Paper presents is a perspective for developing an in-depth, broad-based, and extensive space infrastructure, which will lay the foundation for the use of space for economic advancement, future manned flights in Earth orbit, and, eventually, flights to the Moon. Unlike the Soviet space program, which was organized around high-risk "space spectacles" timed for maximum political impact, China's space program is proceeding at the pace that technological

progress allows. While that has made it very frustrating for Western space analysts, who constantly focus on predicting when China will orbit its first astronaut, the answer to when that will occur seems most likely to be, "when we are ready."

Focus on the Asia-Pacific Region

While upholding the "principle of independence," the White Paper states that China is "actively promoting international exchanges and cooperation." China will "tackle key problems and make breakthroughs in space technology," the paper states, but these efforts "shall be combined organically with technology import [based] on principles of mutual benefit and reciprocity."

China's early space program benefitted from cooperation with the Soviet Union, which exchanges continue to the present day. The Russian space program has trained Chinese astronauts, or "taikonauts," for future missions. And in the past, China has expressed interest in cooperation with the United States, and the U.S.-led International Space Station, which is now under construction.

But, the White Paper stresses that China considers cooperation with other developing nations, such as its joint Earth remote sensing satellite program with Brazil, to be of primary importance. The paper states: "The cooperation between China and Brazil in the space sector has set a good example for the developing countries in 'South-South Cooperation' in the high-tech field."

China also attaches great importance to space cooperation in the Asia-Pacific region. In 1992, China, Thailand, Pakistan, and other nations sponsored the "Asia-Pacific Multilateral Space Technology Cooperation Symposium." This led, in 1998, to a Memorandum of Understanding between the governments of China, Iran, the Republic of Korea, Mongolia, Pakistan, and Thailand for cooperation in a "small multi-mission satellite," and related activities.

The White Paper reports that since 1988, China has provided scholarships every year to developing countries for long-term space technology training courses in China, and has hosted regional conferences concerning economic development through the use of space technologies.

China is an active partner with other developing nations in Asia in providing telephone, television, and Internet services to cities and remote regions of the country, through the use of telecommunications satellites. Educational programming and telemedicine are two important applications of space technology being jointly developed and deployed.

Short- and Long-Term Plans

The White Paper states that China is drafting a space development strategy oriented to the 21st Century, and outlines current development targets.

Within the next decade, China plans to build up an Earth observation system for "long-term stable operation," providing continuous data. Such a system will include meteorologi-



The Chinese spacecraft Shenzhou, after its return from an unmanned test in November 1999.

cal, land remote sensing, ocean sensing, and disaster monitoring satellites, for stereoscopic observation and dynamic monitoring of the land, atmosphere, and water environment of the country and peripheral regions, and the whole globe.

China plans to establish an independent satellite navigation and positioning system, which requires a suite of coordinated satellites, similar to the American Global Positioning System.

Long-term development targets—for the next 20 years or more—include the industrial development and marketing of space technology and applications. This requires “spinning off” the technology developed for space into other industrial sectors, and the economy as a whole, “to meet a wide range of demands of economic construction, state security, and science and technology development and social progress.”

The approach that will be taken is to accelerate the applications of space technology by encouraging enterprises engaged in such work to help “renovate institutions and technology,” especially in applying telecommunications services to industry. In addition, China will build upon and improve its stable of rocket vehicles, to continue to offer launch services on the international market.

Another target for the long term, is to establish a “multi-function and multi-orbit space infrastructure, composed of various satellite systems,” with the necessary ground control facilities. This would reflect the fact that satellites for Earth observation are generally in Sun-synchronous orbit, orbiting

north to south, from pole to pole, rather than around the Equator. Some mobile phone and other communications systems, as well as reconnaissance satellites, may be in low-altitude equatorial Earth orbits. Weather satellites are customarily in higher geosynchronous orbits. China is planning an in-depth near-Earth space infrastructure that includes all of these applications.

The Chinese space program will also aim to “obtain a more important place in the world in the field of space science, with more achievements, and [to] carry out explorations and studies of outer space” over the next two decades. So far, China has not focussed its space resources in space science.

Specifically, the White Paper states that one goal is “to develop space science and explore outer space by developing a [next-generation] scientific research and technological experiment satellite group,” which will strengthen “studies of space microgravity, space materials science, space life science, the space environment, and space astronomy,” and carry out “pre-study for outer space exploration, centering on the exploration of the Moon.”

And finally, the program aims “to realize manned spaceflight and establish . . . R&D testing systems for manned space projects,” and to “establish China’s own manned spaceflight system, and carry out manned spaceflight scientific research and technology experiments.”

Does this mean that it will be the second decade of the 21st Century before there is a Chinese taikonaut in space? Not necessarily.

Periodically, there are conflicting statements by Chinese officials about their plans for the first manned space mission. The principles, however, do not vary. First, there will be more unmanned tests, of perhaps a few generations, of Shenzhou vehicles. Modifications have already been made for the second vehicle, which is expected to also be tested unpiloted. Chinese officials indicate that they do not have any artificial deadline to meet, but rather, plan an extensive test program.

Second, the schedule will not be driven by “space spectacles.” For decades, Kremlinologists in the West could fairly accurately predict when a dramatic new development would take place in the Soviet space program. They would search for an upcoming anniversary of the Revolution, or an important political event.

China has outlined a 20-year perspective for developing every facet of space technology, in a measured and comprehensive plan. The White Paper states that one important prerequisite for meeting these targets is the “speeding up of the development of talented people in the space industry.” In this regard, “special policies will be adopted to promote space education and train qualified personnel to foster a contingent of young and highly qualified space scientists and engineers.”

The entire nation will be involved, as “efforts will be made to publicize space knowledge,” which will “motivate all sectors of society to support the development of the space industry.”

The U.S. Strategic Interest in Russia

by Lyndon H. LaRouche, Jr.

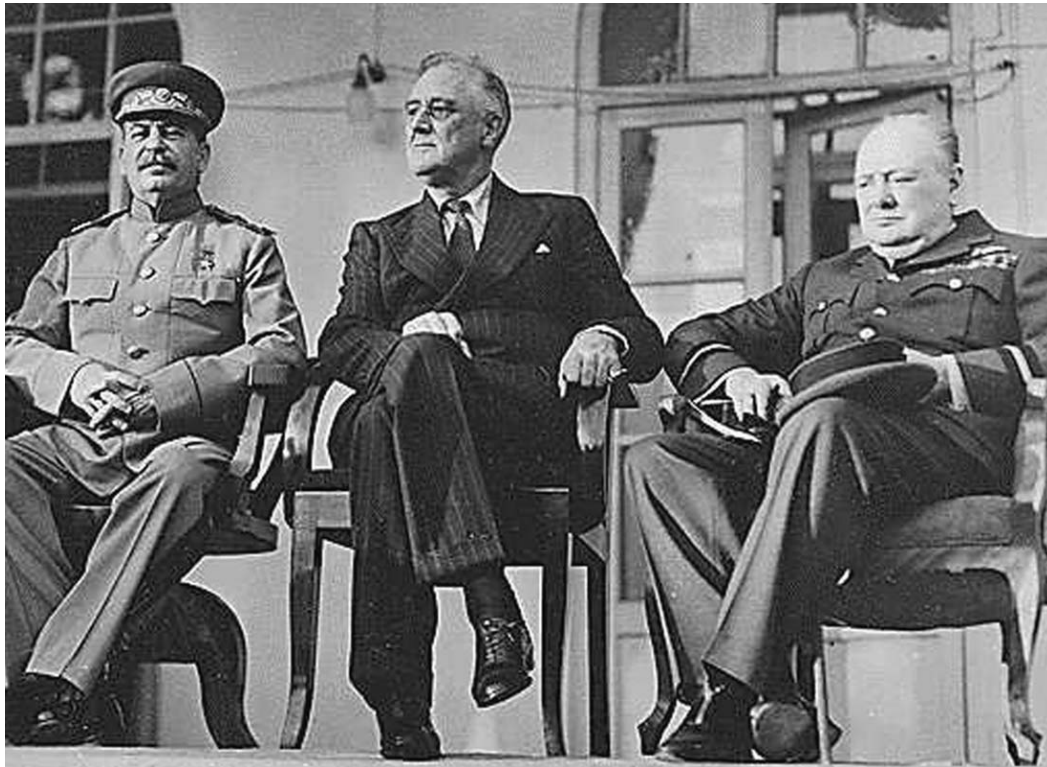
December 1, 2000

British geography teacher Halford Mackinder was a charlatan, who would have served mankind better as a figment of the tortured imagination of an E.T.A. Hoffman, instead of becoming an awkward celebrity of British Lord Milner's Coefficients' circles. Mackinder's so-called *geopolitics* became part of the mass-homicidal delusion it showed itself to be in World War I. His continuing, hateful influence on U.S.-Russia relations, still today, is expressed by, among others, that pathetic offshoot of a Central European lackey-dom, Zbigniew "Woody Woodpecker" Brzezinski.

The actual strategic interest of the U.S.A., has never had anything in common with the homicidal fantasies of such acolytes of Harvard University's Professor William Yandell Elliott as Brzezinski and that perennial advisor, Henry A. "Iago" Kissinger.¹ Contrary to the foolish followers of both Mackinder and Brzezinski, at the present time, U.S. cooperation with the role of a Russia best described as "Europe in Asia," is of the highest importance for the future of a republic, our own, which is now gravely imperilled by the presently onrushing, greatest financial collapse in the existence of this planet.

The primary fact of the immediate U.S. strategic situation today, is that we are in the grip of a folly which has been, in large part, of our own government's making, the global economic and other effects, of that pro-racist, so-called "Southern Strategy," which has taken control of our leading policy-shaping institutions, since

1. Nashville Agrarian Elliott was a long-standing leading U.S. asset of the British foreign intelligence establishment, who brought Canadian Brzezinski and Kissinger, among notable others, into a London-directed U.S. branch of the Wilton Park training program conducted at Harvard, a channel through which the careers in the U.S. intelligence community were sponsored by wealthy Americans, such as the Rockefellers. Kissinger's career as Nixon's National Security Advisor and Brzezinski's as Carter's, typifies the sibling rivalry among the two since Harvard days.



President Franklin D. Roosevelt approached relations to Russia with the kind of statesmanship that the current world situation requires. As LaRouche writes, and as Roosevelt understood, the actual strategic interest of the United States has nothing in common with the homicidal fantasies of the geopoliticians. From left: Josef Stalin, Franklin D. Roosevelt, and Winston Churchill at a wartime summit in Tehran, November 1943.

that policy was launched around the 1966-1974 Presidential ambitions of the man who became Henry A. Kissinger's charge, Richard Nixon, and Zbigniew Brzezinski's charge, Jimmy Carter of 1976-1981.² Here, in these arrangements, Mackinder's folly has found its current nesting-place.

Nixon's pro-racist electoral dogma, which spread widely during the 1970s, from George Bush's Republican National Committee of the early 1970s, into Brzezinski's Democratic Party, has been merged with takeover of our military and related policies by the utopian, Fabian, nuclear dogmas of the Coefficients' H.G. Wells and Wells' frequent accomplice Bertrand Russell, all now combined with a wild-eyed zest for so-called neo-liberal policies. That presently resulting mish-mash of policy-making impulses, imposed upon the leadership of both those parties, as aggravated by both pro-malthusian and "geopolitical" fantasies, has misled the U.S.A., and much of the world besides, into what has converged upon

2. Kevin P. Phillips, *The Emerging Republican Majority* (New Rochelle, N.Y.: Arlington House, 1969). Formal negotiations between Nixon and Ku Klux Klan types began during 1966. Notably, later President George Bush, the son and grandson of two figures who worked with Britain's Montagu Norman in bringing Adolf Hitler into power in Germany, was a relevant Republican National Committee Chairman under Nixon, during the time the pro-racist Southern Strategy was being consolidated in that party, and went on to join Brzezinski and Jimmy Carter in David Rockefeller's Trilateral Commission, whence Bush went on to become Republican Vice-President and President. Since the early days of Nixon's Southern Strategy, much U.S. politics has become remarkably incestuous at the top.

becoming an ultimately national-suicidal, global disorientation. This is the orientation which has led the U.S.A. both into the present global financial and economic crisis, and into the election-crisis which erupted late in the evening of this past Nov. 7th.

Soon, as of this moment of writing, the presently accelerating global financial collapse-process, will grip the world with a mass of aggregately unpayable, combined official, and previously unregistered financial obligations, totalling in the order of hundreds of trillions of U.S. dollar equivalent.

This financial crisis is a consequence of that increasingly dangerous imbalance in physical-economic accounts, which has been built into today's world economy, by the effects of that indicated hodge-podge of ideologies presently controlling the leadership of both major parties. The result of that hodge-podge is the presently looming global financial collapse, at which point, any effort to compel the timely honoring of that mass of currently outstanding financial obligations, would result in a chain-reaction collapse of the physical economy of the world. This collapse will threaten, at that point, to plunge the level of the world's population in the direction of levels existing during the so-called New Dark Age of the Fourteenth Century.

Under the conditions of that plunge, unless that presently customary set of U.S. policies were promptly and drastically overhauled, virtually all existing nations, including the United States, would wipe themselves from the current map of the world within a matter of decades, or much less. Fortu-

nately, even at the present, late moment, there is still time to act, if we have the will to do so.

Excepting the kinds of natural catastrophes we have yet to discover how to control, there is neither an automatic, nor external factor of mechanical predestination in the history of the human species. It is our society's actions, or failures to act, which are the causes of all mankind's disasters but natural ones. The fate which has immediately befallen us, may have become inevitable after a certain point had been reached; but, nonetheless, like today, that kind of fate is always the result of voluntary choices, or failure to make such choices, decisions to which we, or our society, had committed ourselves earlier.³ The present crisis is a perfect example of that rule. More than three decades under the sway of the Southern Strategy have now passed. You have supped and sipped long enough, and now you shall pay.

Under these conditions, the possibility of even the mere continuation of forms of civilized life, depends upon two principal considerations. These require actions which are to be prepared for now, and then to be taken, promptly, in response to the breaking out of the presently onrushing, global financial collapse. First, responsible governments of nation-states, must then act promptly to put the bankrupt world financial system into government-directed, orderly bankruptcy reorganization. Second, the power of the sovereign nation-state to create credit, and to establish national banking, must be revived immediately, to the purpose of rapid expansion of useful forms of employment and hard-commodity trade within and among nations.

For a precedent for these actions, we should look back to the way in which President Franklin Roosevelt used his overturn of those relevant, bankrupt earlier choices of our nation's policies, those by such Twentieth-Century predecessors as Theodore Roosevelt, Woodrow Wilson, and Calvin Coolidge, to bring the U.S., its Constitution intact, safely through the Depression of the 1930s and the great war of the 1939-1945 interval.

The world depression hitting both the U.S.A. and the world at large today, unless stopped, will soon become far more severe than could be imagined merely from examining the case of the 1929-1932 crisis. Such differences acknowledged, the precedent provided by Roosevelt's recovery measures is, nonetheless, as appropriate to the present crisis, as then. The same principles of U.S. constitutional law, notably the "general welfare clause" of our Constitution's Preamble, apply to the remedies required; the difference is, that the ac-

3. Cf. Congregation of the Doctrine of the Faith, http://www.vatican.va/roman_cur./rc_con_faith_doc_20000626_message-fatima_en.htm, 2000, on the subject of the Third Letter of Fatima. The Papacy's insistence that the awesome prospect presented by that letter, is not a prophecy of an unchangeable predestination, but rather the statement of a choice to which the Papacy itself must respond in an appropriate correction of its relevant past policies. The Biblical case of the mission assigned to Jonah, illustrates the same point.

tion today must be not only much prompter and more sweeping than it was under President Herbert Hoover, but the action taken must be deeper and broader in scope.

Under today's new world-wide, so-called "globalized" conditions, the needed U.S. economic recovery could not be accomplished, without proportionately large emphasis on certain forms of cooperation among most of the world's nation-states. Two principal strategic changes in the structure of the relations among nations, are required inclusions, if our reforms are to succeed in bringing about the intended general economic reanimation of a chiefly ruined world economy. It is those two principal changes in relations among states reasserting their sovereignty, which, as I shall define those changes here, define the U.S.A.'s appropriate view of the future relations to be sought with Russia.

In addition to those two classes of measures bearing upon U.S. relations with Russia, we must also take into account the crucial, unique role which the modern, post-Fourteenth-Century form of European civilization, has to contribute to any successful attempt to revive the world as a whole, that to those levels which the mere use of the term "economic recovery" ought to connote.

In summary of that argument to be developed here, limiting our attention here to the example of U.S.A. economic cooperation with Eurasia, the three topics just referenced, are identified as follows.

1. The specialization of those nations formerly characterized by high rates of technological development, in reorienting, and adapting their production and related goals, to the mission of uplifting the productive powers of labor in those parts of the world which had been recently classed as "developing."

This will include an indispensable, new quality of emphasis on the nature and goals of exploration of nearby Solar space, and, also, a new concentration on fundamental scientific breakthroughs, including a timely commitment to breaking free of the prison-yard-like bounds of molecular biology, to focus on the distinctive, principled, elementary characteristics of living processes as such.

2. A fundamental change in the conception of economy, which will be produced as a by-product of the development of large-scale development corridors across Eurasia. This will be one of the most profound qualitative shifts in the economic character of transportation in the known existence of mankind to date.
3. A clearer definition of the indispensable role which the experience of modern European civilization must contribute, to ensuring an otherwise unlikely success in the economic development of East and South Asia as a whole. The successful recovery of the U.S. econ-

omy from the effects of the presently onrushing world-wide financial collapse, will depend largely on U.S. cooperation in this Eurasian development, a development in which the role of Russia, as Russia in Asia, will be pivotal for the U.S.A., more or less as much as for western Europe, Korea, and Japan.

It is from the standpoint of the last, third point to be developed here, that the crucial importance of Russia for the security of the U.S.A. is brightly illumined.

The crux of these matters is the nature of the human individual and society, a nature which distinguishes our species from all others, a nature upon which all considerations of economy depend absolutely.

That said, we now proceed to the destinations so described.

1. Man: The Essence of Strategy

The common axiom of that set of nested topics on which we are to focus attention hereinafter, is the uniqueness of the *voluntary role* of the human individual in shaping history. This is a role intrinsic to the special nature of the human species, whose individual member is the only creature able to willfully increase its species' potential relative population-density as a whole.

This voluntary role of the individual, is not expressed as arbitrary action, but occurs in the same rigorous form as the discovery of a valid universal physical principle in science. This unique distinction of our species, is expressed solely through the perfectly sovereign cognitive processes of the individual human mind, the quality which distinguishes our species from all others. It is through the discovery of such universal principles, and of the technologies derived from them, that the human species has developed the capability unique to itself, of willfully increasing mankind's power to exist, as measurable in physical terms, per capita, and per square kilometer, of the cross-sectional area of our planet's biosphere.

Discoveries of universal physical principles, and of the technologies derived from them, are the immediate source of the ability of society to increase its power to exist, in and over nature. However, universal physical principles alone are not sufficient to bring about both their discovery and utilization. There is a second class of universal principles, typified by Classical principles of artistic composition, which are discovered by the same kinds of mental processes through which the discovery of physical principles occurs, and are indispensable for enabling human beings to cooperate in the way in which scientific and economic progress require. These principles of Classical artistic composition, include the valid essential discoveries in study of history, upon which effective statecraft depends.

It is through the discovery of such combined classes of universal principles, and only in that way, that mankind is enabled to increase its power to exist within and over the universe. Thus, the ability to mobilize society for such discoveries and their implementation, determines the relative power of societies. Such is the essence of the principle of control, and, thus, of strategy.

The greatest increase of that relative power, has been accomplished as the outcome of a unique, Classical form of political revolution, which occurred in Europe during the course of the Fifteenth Century, the invention of a unique, new quality of institution, known as the perfectly sovereign nation-state. This development has been entirely responsible, directly or indirectly, for all of the great increase, world-wide, in both the improvement of the demographic characteristics of humanity, and in the supportable level of population, an increase which has been unleashed by the revolutionary reforms which were centered in the so-called Golden Renaissance of Fifteenth-Century Italy.

The increase of the per-capita strategic potential of national cultures of globally extended modern European civilization, has been entirely the result of the factors responsible for the rise of modern European civilization to relative cultural hegemony globally since that Golden Renaissance.

It would be great mistake, to assume that such strategic capabilities are merely instruments of armed conflict among nations. The success of that Renaissance and its outgrowth, was, that, for the first time in known human existence, an entire society premised its notions of political self-interest on a notion of principle called variously *the general welfare*, or *the common good*. It is from the adoption of the general welfare, or common good, as the primary goal of society and its government, that the relatively greatest strategic power of a culture is generated as a by-product.

In all known cultures prior to that political and cultural revolution, society was characterized typically by what is sometimes called an *oligarchical principle*. In short, societies such as those of ancient Mesopotamia and pagan Rome, based themselves on the subjugation of the majority of the population to the status of human cattle, under conditions of life intended to provide for the power, comfort, and pleasure of a relatively small ruling oligarchy and that oligarchy's attached retinues of armed and other lackeys. European feudalism and its customary law, was exactly such an expression of the oligarchical principle.

Thus, the malignant Dr. François Quesnay followed the tradition of the *bogomils* in theology, when he, consistent with that oligarchical principle, defined the titled aristocratic landowner, the shareholder, as the creator of the value of the product of the estate, and those who worked under him, as, economically, merely cattle in human form. Physiocrat Quesnay, from whose dogma Adam Smith plagiarized much of the content of his *Wealth of Nations*, was an ideological defender of the same oligarchical principle defended by John Locke's

notion of “Life, Liberty, and Property,” on which the constitution of the Confederate States of America, that tract against the 1776 U.S. Declaration of Independence, was premised.

By using the same principle which Smith had so plagiarized, Physiocrats such as Turgot and Mirabeau accomplished a great feat, by their acts in aid of the London-directed, rapid self-destruction of the most powerful nation in Europe at that time, their own nation, France. The degradation of that nation to a brutalized condition shown by the successive tyrannies of the London-directed Jacobin terrorists, Barras, and Bonaparte’s Caesar-modelled empire, was, like the imperial form of the Eighteenth-Century British monarchy, typical of the great source of relative moral and other decadence which feudal and modern Europe has inherited from ancient Roman expression of the same oligarchical principle.⁴

What gave to modern European culture its relatively great per-capita power, was the revolutionary overturn, during the Fifteenth-Century Renaissance, of the hitherto virtually unchallenged authority of the customary oligarchical principle. This Renaissance, replaced oligarchist notions of law and other statecraft, by the constitutional obligation of the sovereign form of modern nation-state, to develop the entire population, as human by nature, and to foster the development and employment of the cognitive powers of the entire population.

Without fostering the general welfare, or common good, in that way, the relative bestiality imposed upon the majority of the population, not only brutalized the oligarchy and its lackeys, but created the effect of a very poor quality of per-capita performance by the society as a whole. This relationship between a ruling, lackeyed, parasitical oligarchy, and a brutalized general population, is the typical cause for the relentless, oligarchical cycles of rise and collapse which have repeatedly ground down the cultures of Asia over the known thousands of year to date.

The Present Collapse

Now, as we may observe, in such statistics as the past twenty-three years collapse of the share of the total U.S. national income gained by the lower eighty percent of our family-income brackets, the U.S.A. itself has drifted into a pattern of ongoing change in overall social, intellectual, and physical condition, which is reminiscent of the terminal phase of once-great empires of the past.

The trend-line of relative rate of progress of a society, is delimited by the relative size of that ration of the total population which is participating in the production and effi-

cient utilization of fundamental scientific and technological, and related cultural progress.

The political paradox with which this fact confronts all oligarchies, is that a population which has been developed in its cognitive potential, knows itself to be the social and political equal of those who might wish to regard themselves as a ruling class or caste. Thus, for the oligarchy, the defense of its caste status, has required, as it does in the U.S.A. today, the relative brutalization of the mode of life and cultural development of most of the subject population at large.

The reason that the presently reigning oligarchical currents are pushing neo-malthusian policies, is not that they are innocently ignorant of the fact, that scientific and technological progress, is the only way in which to increase the productive powers of labor. The problem is, that they also know, that a people which is developed to the cultural level of which the frontiers of modern technological progress demand, will not continue to tolerate indefinitely the political and social conditions imposed upon obedient human cattle. By “obedient,” these oligarchs mean cattle of the political type which go along to the barn, the pasture, or the slaughter-house more or less willingly, because such victims are duped into believing that they “must go along, to get along.” Thus, today’s oligarchy has adopted malthusian policies, as the price they must pay for reducing the mass of the subject population to the intellectual and moral condition which Jonathan Swift described as Yahoos.

The evil ancient Romans controlled their own plebeians and others, through a managed public opinion, a so-called *vox populi*, aided to this effect by bestial forms of mass entertainment. But, in the end, Rome was doomed by the effects of its apparent successes in control of its population by such methods. So, the oligarchical interests of the U.S. today promote chiefly those forms of mass entertainment which are the most brutalizing, to drive the population in general into depraved states of intellectual development in which they are more readily manipulated, and which, thus, drive the population into a moral and intellectual condition, in which the existing system as a whole teeters at the edge of doom.

As I have emphasized this point in slightly different terms of reference, above, if one examines the downward trend, since 1977, in the share of the total U.S. national income represented by the lower 80% of family-income brackets [Figure 1], we are confronted by a reflection of just such a process of willfully dumbing-down the quality of education, entertainment, other conditions of personal life, and employment of the population, into forms more and more approximating the condition of virtual human cattle.

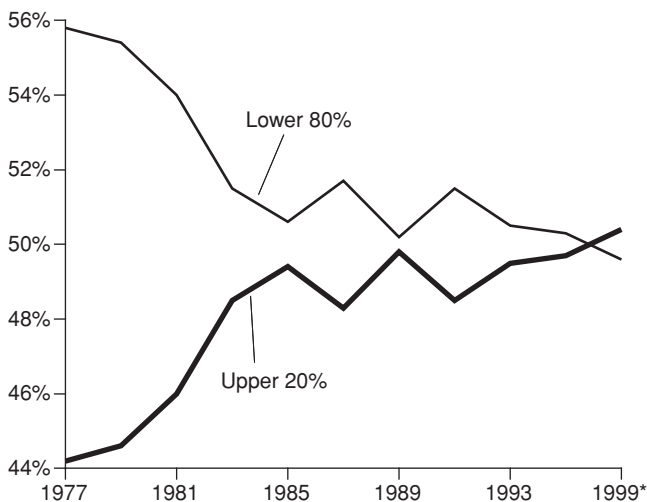
When we compare such contrasting trends in the cultural conditions of life of societies, we should recognize the contrary kinds of strategic changes in national and global policy-making needed to build the world’s way out of the present economic crisis. Then, our definition of other kinds of strategic interests, including strategic conflicts, falls into place.

4. The leaders of the Jacobin Terror, which actually begun at the Bastille on July 14, 1789, and continued until the execution of Robespierre and St. Just, were under the direction of the British Foreign Office secret committee under Lord Shelburne’s appointment Jeremy Bentham. Jacques Necker, the sometime Finance Minister and Prime Minister of France, was directly a Shelburne asset recruited in the same batch in which Shelburne picked up the propagandist Gibbon.

FIGURE 1

America's Richest 20% Now Make More than the Other 80%

(Percent)



*Projected

Sources: Congressional Budget Office; EIR.

The So-Called 'Peasant Mentality'

Since the source of man's successes is that human creative will, *the voluntary principle*, by means of which valid fundamental discoveries of universal qualities of physical and other principle are made, we should not be surprised to learn, that the state of mind which believes in divine, mechanical, or simply statistical predestination, is often the source of the most grievous self-inflicted wounds the human species may bring upon itself.

Traditionally, this state of mind has been often identified as "the peasant mentality," because it often reflects the deadening effect of subjecting successive generations of people, to the conditions of life dictated by the Code of the Emperor Diocletian, such as the cattle-like conditions of life endured, over many successive generations, by the feudal serf. As the case of the relatively superior intellectual achievements of the modern, post-1930s form of U.S. family farm attests, the peasant problem was not a fruit of agricultural practices, but has been the outcome of brutalizing, virtual enslaving of the producer of such goods, as U.S. agricultural policy has been doing, since Jimmy Carter became the U.S. President in 1977.

"Do not think. Do as your fathers and grandfathers did before you. Your business is not to think, but to do as you are told, and to produce. Shut up, and bring in the money!" Or, a parent, or teacher might produce a similar, destructive effect on the mind of a child or adolescent: "Don't question; just

learn! When you graduate, it will be time enough to begin to make up your own opinion about such matters."

From such induced superstitions, came the Luddites of Nineteenth-Century England, and the most fanatical among the malthusian ideologues of today. Such mental disorders may have been embedded in the conditioning, of successive generations of feudal serfs; the same type of effect is produced by "programmed learning," and other modes of drill-and-grill education, or by recreational and other use of drugs which dull the mind.⁵ Addictive forms of electronic games, intended for children, adolescents, and, increasingly, the training of military and police recruits, have kindred, or even worse effects.

Thus, one encounters psychopathologies such as "fundamentalist" predestination cults, and similar phenomena, most often among those brutalized strata of the population whose cultural background is of relatively the poorest quality, such as the more brutalized rural, and urban ghetto regions of the U.S.A. The basis for the wish to believe in such cults, is a conditioned lack of sense of moral responsibility for the consequences of the irrational quality of the ideas they are pushing. Such so-called "millenarians," for example, are thinking, and believing like brutalized serfs, like human cattle. Being degraded to the outlook of human cattle, the essential quality of humanity, the voluntary principle, is unknown to them. For such, God himself is a pathetic tyrant, a prisoner of those decrees he is thereby predestined to obey blindly! Hence, we have our "fundamentalist" predestination cults, and the deluded true believers in "free trade" with them.

Often, in such cases, there is also a correlated history of "bipolar" abuse of family members, and of others, with or without alcoholic syndromes to match. Such traits are often passed down, generation after generation, from parent to child, or among "recovering addicts." Similar impairment of the cognitive powers, is typical among children and youth abandoned most of their days to a feral life, a virtual "wolf boy," "on the street," and so on. The brutalization of the serf, typical of feudalism, and equally malicious, or the even worse practices of ancient Rome, ancient Sparta, Babylon, and so on, not only induce awful ignorance in those relegated to the status of human cattle, they induce certain cultural strains of brutishness, passed from parent to child, as well.

The victims of such beliefs and related impulses, lack a real sense of cognitive "free will," the will-power to change their own behavior, as reason should have prompted them to overturn willfully the axiomatic habits to which they had been previously conditioned. When confronted with a technology or conceptions which are alien to their acquired habits, they shun the change, on one pretext or another, simply because

5. The heavy user who says, "I have been using marijuana religiously for years, and it has never impaired my ability to think," has forgotten the saying of a wise old man who warned, "It is difficult to reminder the mind you have lost."

they react to any perceived insult to their preexisting prejudices, as either a frightening, or enraging provocation.

Today's urban populations of neo-malthusian fanatics, tend to reflect forms of conditioning to similar psychopathological effects. Hence, since pagan Rome, the most brutalized and culturally debased sectors of a population, tend to be the most fanatical believers in the unshakeable authority of what they perceive to be "popular opinion."

Such phenomena, as expressed in the form of the "peasant problem," may have been inculcated over earlier generations, as by subjection to serfdom, or they may be willfully induced in modern urbanized populations, that by methods which replicate the characteristics of rural deprivation within an urban setting, or by current, cognitively stultifying trends in secondary and higher education generally.

So, it is among the victims of such anti-cognitive conditioning, either by special circumstances of individual life, by cultural heritage, or by mass manipulation, which typify the attraction of so-called populist currents to mass-based fascist, or pro-fascist political movements, and the like. The adaptation by a government, or other leading institutions of influence, to a political mass base of that type, is a typical recipe for a great tragedy of an entire people. It is stubbornly clinging to trite prejudices and other so-called traditions, which is the most common source of the doom an ill-fated nation, or entire culture may have brought upon itself. The inducing of that pathological condition in a population, also represents a kind of strategy commonly employed by the oligarchy.

Adam Smith and the Little Green Men

Typical of the fruits of such mental disorders, are the "little green men under the floor-boards" dogmas of history and economics, which insist that "free trade," even if the actions practiced are immoral ones, must lead, statistically, to the best ultimate results. This belief also expresses the essence of the theology of so-called millenarian and other predestination cults.

The argument, as this is made, variously, by *bogomil* theology, by Bernard Mandeville, François Quesnay, Adam Smith, Friedrich von Hayek, Milton Friedman, the utilitarians generally, and so on, is a fairy-tale doctrine, which argues, as Adam Smith does, and as Vice-President Al Gore has insisted most vociferously, and also brutally,⁶ that in the tiny statistical cracks among the percussive interactions in the very small, there are "little green men under the floorboards," working away. This, for empiricists and other believers, is a mysterious, god-like potency, perhaps the pagan god Pan, which

6. In his rant against Malaysian Prime Minister Dr. Mahathir bin Mohamad, at the APEC summit in Kuala Lumpur, Malaysia on Nov. 16, 1998, Gore proclaimed, "Today's economy operates on the information standard. A nation's economic power comes from votes of confidence cast constantly in markets around the world that evaluate every government's policies every day, through billions of transactions."

ensures, as Mephistopheles lured Faust, as Mandeville taught, and as the drug-legalizers insist, that the worst "free" choice of action must contribute to the greatest ultimate good.

We encounter a predestination lunacy of a closely related type, among those modern Faustians called German Romantics, such as Immanuel Kant. We hear from such sources, much superstitious chatter about some magical potency called the "World Spirit," "The Spirit of the Age," *Zeitgeist*, or simply the mysterious force of mysteriously predetermined changes in custom.

Always, in irrational cults and kindred popularized beliefs, we encounter the same fatal error of the willing, cow-like victim of the oligarchical principle. All varieties of such cults express a principle which can be summed up in a single superstitious idiom: "It's in the cards!" says the witch, or, "In the stars!" says the astrologer. So, as I had said, in shantytowns of religious fervor, this is typically expressed by lunatic faith in the existence of even the Creator's enslavement to a predetermined date for a future great Battle of Armageddon.

In politics, this same superstitious obsession, is often reflected darkly by allusion to the belief that a certain imminent change "will never happen, in your lifetime, or mine," as has been frequently heard in response to my now fully vindicated forecasts, until very recently.

Yet, the great global crisis which I had forewarned was systematically inevitable, as long as certain popularized choices were not changed, as I argued for this against virtually all official and related opinion, has just now happened. Now, the world as we know it, will now live or die, according to its *voluntarist* response, or lack of such response, to the implications of what had been my warning. In fact, changes which most putative experts insisted were never possible, will come pouring out, one after the other, during the continuing aftermath of the Nov. 7th U.S. Presidential-election disaster.

Thus, progress is neither predestined, nor a mere possibility, but an imperative presented to the individual, and common, voluntary will. This means the transformation of the daily practice of nations in a manner consistent with endless unfolding of scientific and technological progress. Other requirements also exist, but there exists no substitute for the benefits of changes rooted in scientific and technological progress.

The great source of danger to society, especially in times of existential crises, such as the present one, is therefore a stubborn resistance to those kinds of sweeping changes which are either represented by scientific and technological progress, or which cohere with them. It is the force of so-called "traditional society," the force of "popular opinion," which shows itself recurrently in history, as the chief cause of the self-inflicted doom or other grave disasters suffered by entire cultures. Malthusian and kindred policies today, are thus to be ranked as among the greatest present threats to the continued survival of civilization, perhaps even of mankind as a species.

We have reached the point at which the avoidance of a

prolonged, planet-wide new dark age, depends, absolutely, on a great, forced-draft application of scientific and technological progress throughout nearly the entirety of this planet. Putting to one side, for a moment, the resistance we must expect from the world's financier oligarchy and its booted and other lackeys, the great obstacle to cultural survival of our planet, will be resistance from within the masses of the very populations which we must rescue from their present plight.

On that account, we must have great sensitivity to that latter problem, of irrational clinging to custom, as a crucial quality of strategic obstacle to survival of existing nations and their cultures. As Christianity teaches, winning support from the reluctant beneficiaries of our good will, to the measures on which their own survival depends, is one of the leading moral challenges, a true strategic challenge before us now.

Thus, once again, the nature of man is the essence of strategy, including our strategic perspective toward Russia today.

2. What Happened to Russia?

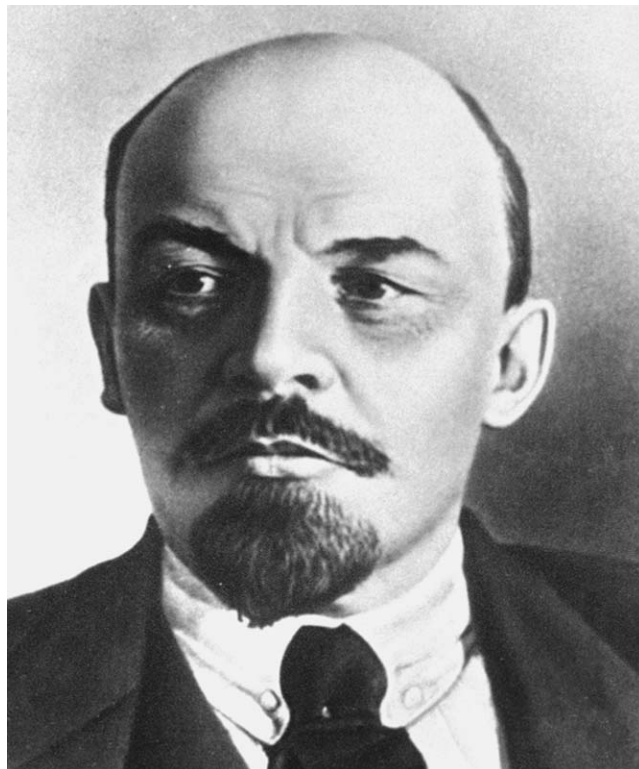
What happened to the Soviet Union? Some people might agree, that Russia went directly from Socialism to Jail, "without passing Go," and without collecting the legendary "\$200." Because I had presented a very carefully considered forecast, which I reported to relevant official Soviet and U.S. channels, in the course of a back-channel action, back during February 1983, I can now address the question, "What happened to Russia?" with a special degree of relative authority.

In February 1983, I put my life-long reputation on the line, warning that, if the Soviet Union continued the policy which I was given assurance it preferred, that the Soviet economy would reach a point of collapse in "about five years." I later repeated that forecast publicly, in relevant *EIR* publications. In an October 12, 1988 Berlin press conference, broadcast shortly after that on U.S. network television, I forecast the relatively imminent collapse of the Soviet economic system, as about to occur, with the early reunification of Germany, and the probable commitment to reestablish Berlin as its capital, as a leading edge of the then onrushing economic crisis of the Soviet system as a whole. It happened, as I had forecast, in eastern Europe, in 1989.

That forecast was premised on economic considerations, but also ominously, Classically tragic cultural factors, which I had recognized in the Soviet leadership itself.

The House That Lenin Built

The great historical irony of it all, was that the very existence of the Soviet Union, in the first place, occurred solely because of a unique, explicitly *voluntarist* policy and role by V.I. Lenin. With the rest of the Communist Party leaders, but without Lenin's personal, explicitly *voluntarist* role, the

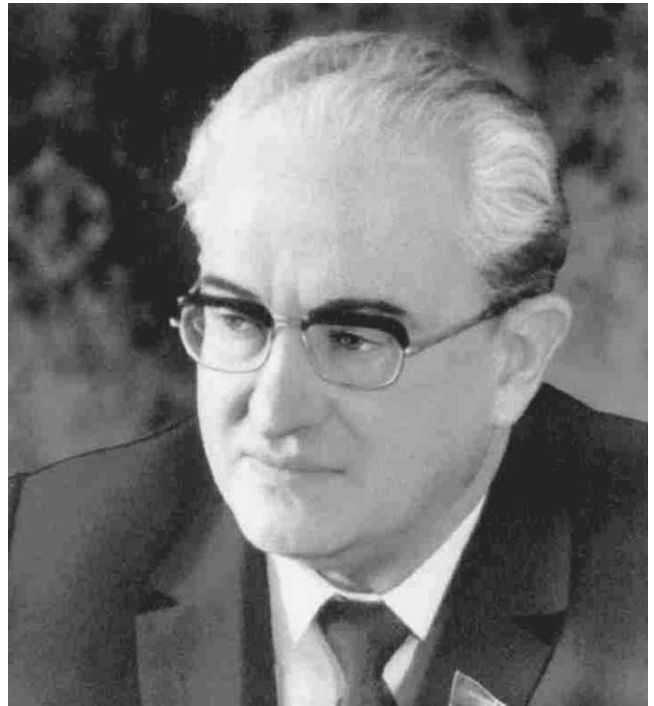


Vladimir I. Lenin. It is the significance of the voluntarist principle, which Lenin represented, "which is the crucial point of current strategic importance bearing upon Russia's prospects for the 1980s, and, again, today."

Soviet Union would have never come into existence, and Adolf Hitler, or something like him, would probably never have been defeated. The details of that history has filled volumes; the case I make has been massively documented, and therefore need not be recapitulated in detail here. It is the significance of the *voluntarist principle*, which is the crucial point of current strategic importance bearing upon Russia's prospects for the 1980s, and, again, today.

The point is, that the action of Soviet General Secretary Yuri Andropov effectively doomed the Soviet system to the ensuing concluding acts of what thus became its tragic, briefly continued existence, in summarily rejecting the previously discussed policy which President Ronald Reagan proffered in his March 23, 1983 televised broadcast to the world. It was on the basis of the forewarning to me, that Andropov were likely to commit such a tragic blunder, that I, on that occasion in February 1983, informed both the Soviet channel and relevant U.S. officials, of my dour estimation of the medium- to long-term consequences of an expected Andropov rejection of the offer.

When the Soviet system had collapsed, under Gorbachev, over the interval 1989-1991, I was struck by the fact, then and later, that no account of what had actually happened to cause the fall of Soviet system, was visibly forthcoming from sea-



Thanks to the tragic blunders of Soviet leaders Mikhail Gorbachev (left) and Yuri Andropov, “The Soviet system went from Socialism to Jail, ‘without passing Go,’ and without collecting the legendary ‘\$200.’ ”

soned circles of veterans of that experience. The patient died of an undefined disease, but no autopsy was conducted, or, apparently, even desired, by the relevant prospective mourners.

In effect, in that manner, as I said, the resulting spectacle is fairly described as “The Soviet system went from Socialism to Jail, without passing Go.”

The talented, but recklessly amoral and greedy young Russian opportunists, bought up, cheaply, in dozens-lots, by the U.S. Republican Party, and others, recruited largely from among the scions of the former Soviet *Nomenklatura*, plunged directly into the most lunatic version of contemporary financier capitalism, without any thought for either the consequences of their role, or what lesson might have been learned from the sinking of what had been widely regarded as the unsinkable Soviet *Titanic*. This is the unresolved issue of recent history, which not only haunts, but menaces the future of Russia, to the present day.

Take into account the fact, that the living residue of former Soviet society, includes some of the world’s leading scientists and academicians, whose competence would be a credit to any nation today. After the devastating initial impact of Germany’s *Barbarosa* of 1941, the Soviet defense policy echoed the success of Czar Alexander I and his Prussian military and other advisors, in luring and trapping a forerunner of Adolf Hitler, Bonaparte, and then falling upon the rear of the retreating invader’s forces. The heroism and leadership shown in the crucial and terrible holding operations at Moscow and

Leningrad, and the trap set at Stalingrad, are of exceptional note, especially considering the typically qualitative combat superiority of the trained Wehrmacht forces. It was not a lack of talent, relative intellectual competence, or of sense of mission, which undermined the Soviet system.

Such things considered, where lies the tragic flaw? Certainly, none of the usual slush pushed out as analysis of the causes of that collapse, from the so-called liberal press internationally, or leaders of U.S. or most west European political parties, are better than trashy fantasies on this account. The key lies in the notion of the *voluntary principle*. This is not a matter of armchair autopsy of past events. The future of Russia as a prospective partner, is the point of reference for what I report here.

The specific, unique role of V.I. Lenin, in the history of Russia, lies in the continuation of his break with the leadership of the entire European social-democracy, over the issue of *voluntarism*. This specific outlook, on this account, governed Lenin’s essentially correct strategic perspective, respecting the outcome of Russia’s entry, in concert with its British and French allies, into the folly of a needless war against Germany. After the strategically crucial assassination of Jaurès in France, circumstances situated Lenin’s view as the available actual outcome.

In essentials, Lenin foresaw that neither the Czar, nor the leading candidates for the position of reformers, had the insight and the will to focus on a certain single, crucial strategic flank in the entirety of Russia’s political situation under



The Battle of Stalingrad, February 1943. As the heroism and leadership shown in these wartime operations makes clear, "it was not a lack of talent, relative intellectual competence, or of sense of mission, which undermined the Soviet system."

those war-time conditions. None was capable of executing a grand strategic flanking approach, of acting in what was generally considered as an unthinkable way, just as the Austrian commanders failed to anticipate the unthinkable flanking action employed by Frederick the Great, to rout the superior force of Austrians at Leuthen. Lenin's choice of strategic flanking action was elementary: pull a war-sick Russia, and its war-sick military veterans, out of the war at all costs.

No one else had the combined situation, guts, and insight to do that, as is illustrated by the way in which relevant Soviet leaders Bukharin and Trotsky both lost their nerve in the course of the Brest-Litovsk negotiations with Germany.

Among the most intriguing of the paradoxes I have met in military and related history, are the instances in which an able commander, even one representing physically or morally inferior forces, is able, as Hannibal obliterated the Romans at Cannae, to seize decisive flanking control of the field of action. An important study of the historical generality of this apparent anomaly, was examined under Germany's Chief of Staff von Schlieffen, a study associated with an operation which would have won the war immediately, if it had been carried out as prescribed, which would have defeated the combined British and French forces at near the outset of World War I. A similarly innovative application of the principle of the flank, was designed and implemented to bring about the British and French rout at Dunkirk in World War II. General MacArthur's leadership during World War II, repeatedly exhibited such qualities. Lenin's seizure of power in Russia, is clearly among the most brilliant of such anomalous strategic successes in modern history.

Thus, especially after the successful Soviet coup d'état, to the great powers arrayed against Soviet Russia, Lenin was the target to be eliminated, first and foremost, on all counts. What menaced those powers' chosen interests, was not Lenin's not exactly brilliant economic theory, nor any of the other "usual stuff" featured in Soviet and other officially approved studies of Marxism-Leninism. Two things were crucial: Lenin's sense of mission, and his reliance on the *voluntary principle* as the instrument through which to conduct a successful mission.

The danger which Lenin represented to the post-1917 British, French, and the Woodrow Wilson Administration, was Lenin's ability and proclivity to rely upon the creative force of the voluntary principle, as the instrument chosen to govern the shaping of the next action in his passionately adopted choice of mission. Thus, for the relevant Allies, Lenin was deadly, precisely because he was, for them, as for all pedants and kindred types, *unpredictable*, or, better said, *incalculable* in the minds of his principal adversaries, as all great commanders have used an action which was incalculable in the minds of opposing commanders, in designing and executing the truly spectacular flanking operations in known history.

All truly great scientists, and also great Classical artists, share an exceptional amount of that specific quality.

Lenin was not much as a scientist, but he had a certain quality of creative artistry in statecraft, a quality virtually lacking in the entirety of the rest of the world's socialist leadership, the entirety of his contemporaries among the Soviet leadership included. Trotsky later compared himself to Lenin,

but Trotsky's reputation for brilliance, while not entirely undeserved, often owed as much or more to the intended impressions left by the display of his cultivated vanity, than capability for rigorous scientific thinking. The matter of Brest-Litovsk is typical of the weakness in Trotsky, especially in light of the way this matter came up in the aftermath of the vindication of Lenin's policy on the seizure of power itself. Trotsky's failure of nerve was not incidental; under the circumstances, it must be assessed as systemic.

It was on my understanding of this conflict over voluntarism within Soviet society, that I premised my 1983-1988 assessment of the coming breakdown of the Soviet system.

As I have already stressed, if we take into account the numerous truly creative and productive intellects from recent Soviet and Russian life, it is not the lack of potential creativity in the Russian population, which was the cause of the problem on which I was focussed during the 1970s and early 1980s. The fatal flaw lay in the systemic dimensions of the then existing Soviet society considered as a political-cultural whole, especially the leading circles of its political command. It was as if the heavy political-cultural hand of so-called "Soviet bureaucratic objectivity" were "Burking" the life out of Russia's political and economic creativity.

From that point of reference, in examining more closely the Soviet patterns from the 1970s, that the basis for my forecast became apparent to me. On the one side, the attritional processes of ultimately bottomless decay in the Soviet economic system, were not only knowable, but were becoming most conspicuous. The strategically problematic side of the matter, was the potentially fatal pathological emphasis on explicitly anti-voluntarist "objectivity" within the relevant Soviet leadership layers. That "objectivity," which was the chief cause of the system's attrition, made the outcome a predominantly predictable one. The strategic problem thus posed, took the following form.

Were there a replica of Lenin well-situated within the Soviet leadership of the 1960s and 1970s, had he not been shot by his colleagues, perhaps on charges of "voluntarist deviationism," the reaction to the evidence would have been a search for a crucial flanking-attack approach to the Soviet economic situation.

I, in fact, did present such a case to both my own government and the Soviet channels, in exploratory discussions of the proposal which became the SDI offer made by President Reagan on March 23, 1983. My approach was, blow the entire "détente" hoax of Bertrand Russell, John J. McCloy, Henry A. Kissinger, et al., out of the water, and approach both the lunacy of nuclear MADness and the oncoming Soviet economic breakdown from a fresh standpoint. That standpoint was a new approach, based on the factor of a global strategic, "science driver" policy, using the development and application of "new physical principles," rather than missile deployments, and related arms negotiations, to managing the relations between the U.S.A. and Soviet Union.

Contrary to the silly fellows in the Congress and elsewhere, who are pushing their Rube Goldberg parodies of ballistic missile defense currently, it would have worked, had a U.S.-Soviet agreement to this effect been adopted. In such a case, relevant leading circles among the U.S.A.'s NATO allies, and others, would have heartily joined in the effort. Numerous relevant circles inside the Soviet system, as in the U.S.A., western Europe, and so on, agreed with me personally on this point, although the Carter "Southern Strategy" Democrats, Henry A. Kissinger, and circles of Vice-President George Bush, et al., agreed with Soviet General Secretary Andropov and Prime Minister Margaret Thatcher, in stiff opposition to me on this issue.

What Sank the System?

In other words, what sank the Soviet system, was not what it did, but what it failed to do. It was not so much a failure of the system as such, as the incompetence of the management, a kind of incompetence rather typical of, and becoming worse, among managements of corporations, and also leading political parties and candidacies, now in the process of going belly-up in the U.S.A. and elsewhere today. Perhaps a contributing reason for attempting to blame the economy for the errors actually made by its management, might be, like the mention of the rope in the house of the hanged, an awkward choice of topic among the managements and political leaders of today's economies of western Europe and the U.S.A. The Soviet system's management wrecked itself, and its economy, with its own "socialist objectivity," a suicidal inclination inhering in the popularly expressed aversion to the kind of voluntarism exemplified by the case of Lenin's coup of 1917.

That management failed to understand, that the only way to save Russia's economy, was to change its flawed character as an economy, not by shooting the Mont Pelerin Society's variety of neo-liberalism up its veins, as Gorbachev et al. sought to do, but by a heavy dose of Colbertism, of Alexander Hamilton, a heavy dose of voluntarism expressed in the form of a science-driver revision of the world economy's then prevailing orientation. That is where things really went wrong for them; failing to locate that as pin-pointing the cause of the system's collapse, contributed greatly to the state of confusion and tolerance of mismanagement which dominated most of the 1992-1999 interval.

In a certain sense, it was indeed Marxism that ultimately did Lenin's Soviet heritage in. The cause was not so much the flaws in Marx's economic theory as such, but the pathological streak of reductionism, inherited from the Eighteenth-Century Enlightenment, inherited from the tendentious way Marx, and Engels more so, thought wrongly about history and the nature of man in general. It was the philosophical reductionism, by which Marx's philosophical disorientation had contributed so much, in his fostering the prevalent philosophical mediocrity of the international social-democracy. The intellectual mediocrity, the sheer pedantry of Plekhanov,



The Soviet leaders failed to understand, that the only way to save Russia's economy, was not by shooting the Mont Pelerin Society's variety of neo-liberalism up its veins, but by a heavy dose of voluntarism, expressed in the form of a science-driver revision of the world economy's then prevailing orientation. Here: Moscow commuters in 1999, scrambling to make ends meet.

Karl Kautsky, et al. was essentially at fault. This was the mediocrity over which Lenin broke with Plekhanov, which was the root of the problem. It might be said, therefore, that the Soviet system died of an overdose of social-democracy. It was Marx's and the social-democracy's prevalent, so-called "objective" misconception of the nature of man, which, thus, contributed so much to doing the Soviet system in.

Why the SDI Would Have Worked

The lessons to be learned from such considerations, are not specifically limited to the Soviet case. A general, universal principle of statecraft is involved. The Lenin case, as stated above, is but one more relevant illustration of that principle. The lesson is implicit in the universality of the voluntary principle itself.

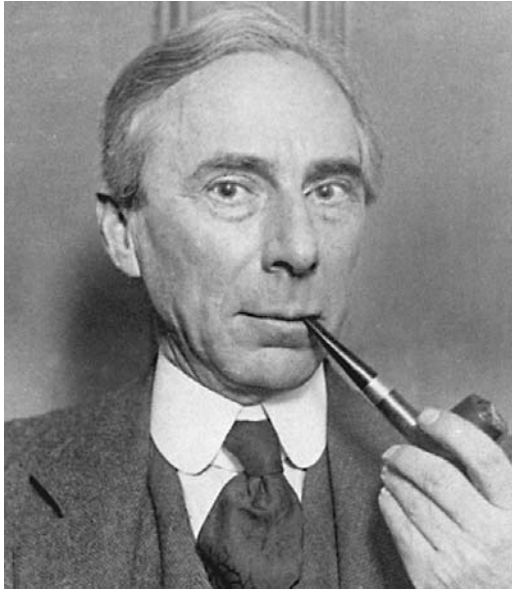
Consider the question, that if we constitute society in such an organized form, that significant amounts of error are allowed, in the interest of promoting the development and exercise of creativity: Where, then, do the limits of tolerance of such error lie, and how do we manage the relationships so implicitly defined?

To summarize the answer to that in the simplest way possible, without introducing new kinds of error, it should be said, that as in the case of the error-stricken, virtually fatal policy-making of the U.S.A. today, where do we draw the line, beyond which a failure to muster a prompt correction of a potentially fatal mistake in policy, leads to the doom of the nation or culture?

That is a short summary of the point, but does not represent an apology for pragmatism in any sense. Human individuals are not brought to adolescence and maturity as if they were robotic computer systems without historical memory of their own creation and ancestry. The healthy development of the infant, child, and adolescent, is a socialized process of maturation, which is dominated by the reliving of the cognitive history of past generations, by the young of today.

The model form of desired development follows the same pathway as the use of the Classical humanist policy for education, instead of the doubtful qualities of combining textbook instruction with mechanically scored qualifying examinations. In principle, the student should re-experience the original act of discovery of each universal principle, in its place in history, and become familiar with the history of mankind and of ideas by general employment of that same approach. From a Classical-humanist approach, rather than those generally used in U.S. public and higher education today, a relatively superior quality of secondary and university graduate is achieved.

The adult who has benefitted from a Classical-humanist approach to knowledge of history of societies and ideas, relies upon a corresponding scientific method, rather than a pragmatic one, for judging stated and implied policies of practice for tomorrow and today. On this account, we must recognize that, of necessity, the adolescent and adult who has come to maturity through aid of the Classical-humanist method, will have, in general, a significant margin of moral and intellectual



The crux of LaRouche's design-principle underlying the SDI, was his recognition that "the 'Achilles' heel' of the entire utopian strategic nuclear conception, as this had been originated by H.G. Wells [right] and Bertrand Russell [left], was premised upon a wild error of axiomatic assumption pervading the life's work of Russell himself."

advantage over those who have come to maturity by a different route.

Thus, there is variation in the degree of ability of a government and its electorate, to make morally acceptable qualities of judgment in a timely way. However, the basis for such judgment is scientific, not pragmatic in quality.

The crux of the design-principle underlying the SDI, is to be found in the most elementary universal principle of a branch of physical science developed by Gottfried Leibniz, in work conducted during the interval 1671-1716: The Science of Physical Economy. It was my original discoveries in that field, which supplied the root-basis for the proposal.

The crux of the matter was my recognition that the "Achilles' heel" of the entire utopian strategic nuclear conception, as this had been originated by H.G. Wells and Bertrand Russell, was premised upon a wild error of axiomatic assumption pervading the life's work of Russell himself. Russell had presumed, in his 1945 plan for threatening a "preventive" nuclear attack on the Soviet Union, and also later, that he, his lackey Leo Szilard, and Szilard's accomplices such as John J. McCloy, McGeorge Bundy, and Bundy's apprentice Henry A. Kissinger, had devised a perfect system for using nuclear terror to establish a Roman-style, Anglo-American world empire, as Leo "Dr. Strangelove" Szilard had prescribed the kernel of this mechanism in his celebrated 1958 Pugwash address at Quebec.

That mortal error in Russell's thinking about nearly everything, including this matter, was his fanatical refusal to believe that physical science actually existed. Considering his frequent, if exaggerated claims to science, that was very inconsistent of him, but all of Russell's consistencies lay in his consistent adherence to sophistry, in the manner in which he crafted his systemic inconsistencies.

He was formally consistent in his fanatical adherence to

the crudest sort of reductionism in matters of "ivory tower" mathematics and related forms of deductive constructs, as his role in the writing of the *Principia Mathematica*, and in shaping the life's work of his acolytes, as the case of Norbert Wiener and John von Neumann attests. But, at the same time, he managed to delude himself, and his acolytes, into faith in those constructs, by consistently denying any principled sort of reality, such as the evidence of experimental physical science, which threatened to call his purely deductive constructs into doubt. There lay the built-in vulnerability of the Russell-Szilard design of "mutually assured destruction" (MAD), the basis for the entirety of what has become the post-1945 utopian doctrine of the errant currents within the U.S. national-security establishment. Therein lies the same axiomatic basis for the doom of the so-called "new economy" now ongoing in the U.S.A., and elsewhere, today.

Even more interesting, and more relevant for today, is the motive of the Anglo-American oligarchical establishment for falling prey to Russell's hoax. The continuing motive of the Venice-modelled Anglo-American financier-oligarchical establishment, especially since the defeat of the Confederacy, has been to rid the world of the Golden Renaissance-created, modern institution of the sovereign nation-state, and thus to ensure that the world of masses of virtual human cattle be herded or culled, as the pleasure of a ruling oligarchy might require, forever. The avowedly satanic co-conspirators Wells and Russell, had placed their palms upon Wells' *The Open Conspiracy*, and sworn their eternal fidelity to that intention.

The design put forward by Wells and Russell was clearly insane, morally and otherwise, but the worst evils which have ever come to rule over nations, such as the principal cultural features of ancient Rome, usually are.

Thus, the picaresque Wells and the decadent aristocrat Russell, like Cervantes' lusty Sancho Panza and looney old

Don Quixote, had conceived their utopian's plan to conquer the mind of the world. So, like the foolish, real-life Sancho Panzas and Don Quixotes of Sixteenth-Century Hapsburg Spain, the ruling oligarchy of Wells' and Russells' time and place, had found their rantings useful. So, many ambitious lackeys and other fools of sundry higher and lower rank, such as John J. McCloy and Kissinger, out of their wish to be considered and rewarded as useful by that oligarchy, put themselves at the disposal of that utopian venture.

For me, the crux of the matter, whether against Russell and Kissinger, or relevant other types, was always the issue of contrasting views respecting the elementary principle of human nature. The core of that controversy, for me as for Russell, was, and will always remain just that.

Here lies the key to the design of SDI. I begin my explanation of that point with a rather crucial technical observation which must, nonetheless, be put on the record at this point.

What Russell's system demands, as the case of his *Principia Mathematica* illustrates this point, is the outlawing of the acknowledgment of the actual or possible existence of any universal physical principle, other than the arbitrary notions of space, time, and matter associated with "ivory tower" varieties of Euclidean geometry. That writing, from which intended collaborator Alfred North Whitehead disassociated himself, is to be understood as Russell attempting to play Voltaire to Carl Gauss' Leibniz. Most specifically, Russell's *Principia* is an attempted parody of Gauss' celebrated *Disquisitiones Mathematicae*. This connection was underlined by Russell himself, in his attacks, echoing Maxwell's, on the methods of physical geometry of Leibniz, Gauss, Weber, and Riemann, among others.

This sweeping and malicious incompetence in Russell's mathematical system, is his insistence that physical science is unnecessary, and perhaps even undesirable. For Russell, physical science, and its evidence, must never be permitted to intrude upon the higher, supreme authority of a radically logical-positivist form of utopian mathematics. Precisely there, lay the outflankable flaw in the utopian strategic system of Russell and his followers. Here lies the key to the technical principle of SDI.

In the Gauss-Riemann form of mathematics which is derived from the experimental physical science tradition of Plato, Nicholas of Cusa, Leonardo da Vinci, and Leibniz, the discovery of a valid universal physical principle occurs as both an axiom of the entire mathematical-physical system, and a discontinuity in the previously defined fabric of mathematical physics prior to that discovery. This evolutionary characteristic of science, as recognized in Johannes Kepler's *New Astronomy*, defines, contrary to the random impressions of Russell's von Neumann, the only sane usage of the term *non-linear*. On this account, the effort to follow Heraclitus' famous ontological principle, that "nothing is constant but change," to thus define a correspondingly evolutionary form of mathematical physics, requires that deductive syllogisms, such as those of Russell's *Principia*, be superseded by the

methods of what is named, alternatively, *Analysis Situs*, or *geometry of position*, as Bernhard Riemann argued for that same approach.

In such a Riemannian view of fundamental scientific progress, the acquisition of new valid universal physical principles, generates a relatively higher order of manageable physical domain, which is inherently capable of dominating the domain it supersedes, just as living processes, through the biosphere, dominate our planet as a whole, perhaps slowly, but increasingly. It followed from this principle of science, that any relevant system which could dominate *characteristically*, in a Riemannian sense, the technology of strategic ballistic missile barrages, represented a pathway to a successful method for significantly neutralizing the intended strategic goals of a general strategic ballistic missile assault. In the agreed diplomatic language of the so-called "superpowers," this aperture in the MAD system was loosely defined as "new physical principles."

Exactly how this applied to the situation during the 1980s, is not essential to the discussion of the point immediately at hand here. That was covered in materials published during that period, and my published reflections on that subject more recently. The point here, is the relationship of such an indicated science-driver policy for dealing with strategic ballistic missile threats, to the role of the same science-driver in changing fundamentally the increasingly perilous situation inside the Soviet economy in general. The point today, is the relevance of the same kind of thinking about science-driver policies and programs, for dealing not only with the economic crisis of Russia today, but that of the world in general.

The principle at issue, then as now, is fairly summed up as follows. *The rate at which we can bring valid new discoveries of universal physical principles into being for general practice, has always been, and will forever be, the primary source of mankind's ability to increase the absolute productive powers of labor, to increase the power of the entire human species to survive and prosper in our universe.* The great challenge implied in this principle, is the need to sustain the rate of such progress at levels in excess of the incurred "frictional" rates of attrition.

The most effective means yet known for realizing such improvements in the general welfare of mankind as a whole, is a strategy associated with the notion of "science-driver crash programs," such as the SDI was proposed to become. In the progressive development within today's globally extended European civilization, from Plato's Academy of Athens, through the best modern practice, the following description is a fair approximation of what experience with attempts at such a "science driver" policy, signifies for today's practice.

The building of such a program begins with a certain improvement, made according to the principle of a Classical-humanist mode of education, in the institutions of general and higher education. This means, from the top down, a virtually exclusive devotion to the combined, functionally inseparable matters of Classical subject-matters of physical science and



Russia's greatest potential for contributing to a worldwide economic recovery, lies chiefly in "the shrinking residue of what is left over today from Russia's and the Soviet system's scientific legacies from the past." Here, cosmonaut Sergei K. Krikalev (foreground), flight engineer on the International Space Station. U.S. astronaut William M. Shepherd is in the background.

artistic composition, and a design for building-up to the peak of such professional achievement through primary, secondary, and undergraduate programs implemented in consistency with the same Classical-humanist method famously proposed by Friedrich Schiller and his friend Wilhelm von Humboldt for Germany.

The general principle of education, is that the student shall be required to learn very little, but, instead, must re-experience the original acts of discovery of the great principles of science and Classical artistic composition, by reliving those acts of discovery in terms of the best possible approximation of the specific historical circumstances under which those original discoveries were made. The object, is to develop the moral character of the emerging future adult through the exercise of the cognitive potential of the pupil in this way. The intended result of such an educational program, is, that at its summit of achievement, it shall produce the future great statesmen of society, whatever other specialized professional competencies they may achieve. The included goal of such modes of education, is, as Schiller emphasized, to produce adult persons of the combined quality of patriotic citizens of their nation, and also world citizens of humanity.

This design for the kind of educational system a science-driver crash program demands, requires that great emphasis be placed upon both pedagogical experimentation bearing upon the principles so addressed historically, and also the research laboratories in which proof-of-principle, and derived exploration is being conducted.

By situating the shaping of the emerging economic poli-

cies of society in the exploration and perfection of new physical principles, as Riemann, for example, defines such principles, we turn the design of the relevant, fundamental proof-of-principle experiments, and their successes, into the technology driver for the machine-tool-grade section of the productive processes of the society in general. By mobilizing the society for very high rates of turnover in successive discoveries and their applications, in this way, the institutional mechanisms of a so-called "science-driver crash program" are set into motion.

In the economy considered as a whole, the greatest emphasis is placed on investment and employment in those categories of research and development and machine-tool-like production which reflect a high rate of turnover in technological revolutions applied to general practice. This requires that the flow of relevant expenditures and investments be channelled into the realization of the relatively highest possible rate of technological revolutionizing of the processes of production and distribution, and product design.

On condition that the adoption of such mechanisms and types of priorities, in a so-called "dirigist" mode, prevails, the rate of relative success of such a national or global mobilization, will depend crucially on the quality of certain special mission-objectives whose adoption puts a point on the spear of progress. Today, a mission-oriented space program, combined with drive toward breakthroughs respecting the principles of living processes and so-called microphysical frontiers, typifies the tip of the spear of progress suited for a global "science-driver crash program" for the world as a whole.

It is the future of the present world in crisis, seen from that standpoint of reference, which most efficiently situates the strategically crucial contribution a partnership with Russia signifies for the benefit of the world as a whole.

The potential of Russia for this kind of undertaking lies, at present, chiefly in the shrinking residue of what is left over today from Russia's and the Soviet system's scientific legacies from the past. Unless those potentialities are activated very soon, the possibility of producing the required new generation of Russia's scientists, which such a mission implies, will virtually vanish through presently ongoing, recently accelerating attrition of personnel and facilities.

This is not a problem limited to Russia as such. The rapacious destruction of the intellectual and related scientific capabilities of the populations of North America, western Europe, and elsewhere, over the recent thirty-odd years, since the 1966-1967 sharp curtailment of the Kennedy space program, has destroyed the greater part of the scientific and related potential of the world as a whole.

This is typified, and also greatly aggravated, by the monstrous destruction of the technological competence of managements and their industries, which had still existed a dozen years ago. The destruction of economy and technology caused by the cancerously growing influence of the cult of "information theory," has brought about, in and of itself, without considering other factors, a destruction of the potential productive powers of labor which future generations, if there are any available, will regard, in retrospect, as an unspeakable monstrosity. Without a reawakening and revitalization of that which has been destroyed through the effect of corrosive policies, during the recent thirty-odd years, the hopes for avoiding a plunge of the world into a new dark age are now in the process of vanishing.

Should recent neo-liberal and related policy-trends continue in force, humanity is, indeed, foredoomed to pay a great bill for what it has recently supped and sipped away.

The largely sleeping and wasting scientific and technological potential of Russia, is, thus, to be recognized as a crucial part of the potential to be reawakened and set into motion, if the world as a whole is to avert a slide into a probably prolonged new dark age.

Such are the lessons to be learned from the otherwise frustrating experience with the effort to implement what President Reagan named the SDI. Such are but some of the crucial benefits to be achieved through an appropriate view of what I shall now describe as "Russia in Asia."

3. A Twenty-Five Year Policy

The principal physical precondition for a global economic recovery, will be an initial emphasis upon a massive infusion of large-scale and other development of basic economic infrastructure. We must set into motion now, what shall become the greatest infrastructure-development program ever pro-

jected for this planet. Such infrastructural development, is typified by large-scale development of transportation systems, power generation and distribution, water management and sanitation, rehabilitation and increase of the numbers of urban centers, education, and of systems providing for general hygiene and health-care.

This leading role of development of basic economic infrastructure, will supply the stimulus for an increasing role of growth in private investments in agriculture and industry, like flesh grown upon the ribs provided by the new infrastructure.

The development of new such systems, and rehabilitation of the old, is broadly divided into two classifications, fairly named "main trunk" and "branch" systems. In respect to the hard infrastructure as such, we are speaking of development of installed improvements which run to approximately a twenty-five-year span of financing, at borrowing charges not in excess of 1-2% annual simple interest. Most of the financing for these programs will not come as private financial investments, although an increasing proportion of private participation is desirable; but, rather, through the use of lines of trade-credit generated from the authority inhering in sovereign nation-state governments.

Since the base-line for all other large-scale economic progress will be provided by the development of infrastructure, the recovery of this planet from its presently perilous physical-economic and political condition, must be approached as an investment program of an initial twenty-five-year span of infrastructure's development. To sort out the financial and other claims in bankruptcy proceedings, which will be forced upon us by the presently collapsing world financial system, will require a highly regulated, state-pivoted system of managed public credit, over a span of approximately a quarter century.

For the purposes of discussion here, we focus upon some typical features of such prospective development in Eurasia, especially continental Eurasia. For this purpose, focus upon the map of Eurasia in the following terms. To serve the interest of coherence, some brief restatement of points made above shall be included in this portion of the account.

The Map of Eurasian Development

Eurasia as a whole has the following most prominent features [Figure 2]. To the west, there is western continental Europe, whose central region, typified by the Paris, Vienna, Berlin triangle, has been, until about a decade ago, the most densely developed scientific and industrial potential of the world as a whole. Looking eastward toward the coastal areas of the Pacific and Indian oceans, the awesome and growing populations of China and India dominate the landscape. On the rim of East Asia, there are the modern economies of Japan and Korea. And there is populous, Southeast Asia, with its very high ratio of coastal maritime regions to its land mass. In between, in central and northern Asia, there are rich natural resources sitting in an area too poorly developed to realize much of that potential economically.

FIGURE 2

Eurasia: Main Routes and Selected Secondary Routes of the Eurasian Land-Bridge



Go back to the U.S.A. of the early through middle to third quarter of the Nineteenth Century, where we see a vast, continental area, from the Atlantic to Pacific, welded into a single functioning nation by the consequences of the initial development of the continental railway system. Then, in the wake of the 1876 Philadelphia Centennial Exhibition, observe the revolution which was made in the economic policy of Chancellor Bismarck's Germany and in the undertakings of the great Russian scientist Mendeleev and the role of the great admirer of the Hamilton-Carey-List American System of political-economy, Count Sergei Witte. Observe the emergence of the Trans-Siberian Railway, designed economically and politically according to the model used for the transcontinental railway system in the U.S.A.

The combination of the victory of the U.S.A. over the British puppet, the Confederacy, established the U.S.A. as a leading world power, and also showed that U.S.A. to have emerged as leading the world in agricultural and industrial development, although not yet in science. The success of the return to the Franklin-Hamilton-Carey-List American System of political-economy, and that economy's superiority over the British liberal model, during the developments of 1861-1876 period, prompted many nations around the world to adopt the American System model for themselves. Such nations included Japan, Germany, and Russia, in addition to

nations in Americas.

Thus, on this account alone, that U.S.A. which Shelburne, Bentham, and Palmerston had intended to destroy, had emerged as the leading nation-state in the world, and thus a powerful challenge to the hegemony gained by the British Empire during the preceding decades. This challenge became acute with the adoption of large-scale railway development projects, such as Russia's Trans-Siberian Railway, as copies of the lessons of the U.S. transcontinental railways.

Geopolitics was invented by the British monarchy of Edward VII's time, as a map of the intent to organize a great world war which had the aim of dividing Germany, Russia, and Japan, among others, into strategic adversaries. The 1901 assassination of U.S. President William McKinley, and the resulting inauguration of Theodore Roosevelt, transformed the government of the U.S.A. from a friend of Germany and Russia, into an ally of the British monarchy for what became the great war in Central Europe, World War I.

Decades ago, it became clear to me, that we must reverse that U.S. calamity of 1901. The U.S. must return to its natural strategic interests, as understood by the Careys, John Quincy Adams, Lincoln, et al., and once again move toward engaging Germany, Russia, Japan, and China, among others, as U.S. global partners in such undertakings as the integrated economic development of Eurasia as a whole. The difficulty in



In the wake of the 1876 Philadelphia Centennial Exhibition, a revolution was made in the economic policy of Germany and Russia. Count Sergei Witte of Russia, a great admirer of the Hamilton-Carey-List American System of political-economy, played a vital role in this effort.

this undertaking was, not only that the U.S. was being dominated increasingly by the pro-racist Southern Strategy and neo-liberal fantasies of the Kissinger-Nixon and Brzezinski-Carter Presidencies, but that, plainly enough, the Soviet Union was a clear and capable strategic adversary.

Nonetheless, I took into account the great financial and economic collapse which must occur if the U.S. continued to follow those economic and related policies which had led into the Nixon monetary crisis of 1971, and had been continued with a certain ferocity by the Brzezinski-Carter government. I conducted myself accordingly. Now, that crisis which I foresaw has come, that for precisely the leading reasons I forecast it as inevitable unless the U.S. government adopted the certain changes in policy which I had specified.

So, once again, on October 12, 1988, I publicly forecast that a deep economic crisis within the Soviet system, would cause Poland, most probably, to move out of the Soviet-directed economic system, and that the likely result would be the reunification of Germany, with Berlin again its future capital, during the period immediately ahead. On that occasion, I outlined the policy which the U.S. government and such allies as Germany must follow, in respect to these oncoming early developments. What I proposed was correct, and events since have proven so; however, under the influence of Thatcher and Mitterrand, President George Bush adopted

the wrong policy, which has led the world to the state of wreckage in which the world economy finds itself today.

Now, just slightly more than a dozen years after my prophetic forecast of October 1988, once again the issue of U.S.A. and western European cooperation with Russia, is posed in the harshest terms of currently breaking world reality. Once again, as under the influence of Lord Milner and Britain's King Edward VII, the would-be present-day toadies of Edward VII's geopolitical scheming, including Brzezinski, have raised the spectre of geopolitics, that for reason of the same evil motive as the earlier lackeys of Edward VII.

Today, we can not turn back the clock which has been unwinding for a century and more to French minister and historian Hanotaux, since Fashoda 1898. However, we are now faced with the occasion to grasp the old opportunity in a fresh way.

One asks the question: "Why should we hope to succeed, where France's Hanotaux failed?, or for that matter, the assassinated Jaurès after him?" The answer is, that the present world financial crisis is an event like no other in centuries before us. The question whether any part of civilization will long outlive the onrushing financial collapse, poses questions like nothing in recent centuries. The entire world system, which has continued to exist since more than a century ago, is now doomed. Either a viable form of new system is adopted to replace it, or the nations seated at the table will be eaten by the cook who is preparing the dishes.

What I am proposing, is the only chance available for those nations' survival. Does that mean that the nations are forced to adopt it? Not at all. Empires have felled themselves in analogous circumstances before; this one could repeat that ancient folly. That is the way history purges itself of cultures which lack the moral fitness to survive. We, this civilization, could meet the same kind of fate.

The Creator has endowed the human individual with cognitive powers akin to those of the Creator Himself. We are made in His image. Thus, we are given the power of choice; the choice of our culture's survival is, in chief, a voluntary one. Our task, as persons of some influence and knowledge, is to propose the solution to the crisis at hand, and to hope that our voluntary intervention to that effect is successful. Being human, that is what we must do, with or without assurances of success. At worst, we know it will be meaningful in some way, if we try. Since we are human, we would rather face eternity having acted as we should in our time, than being the practical fellow who chose to go to the devil himself, as a matter of "going along, to get along" with what passes for popular opinion. The worst that can be said, is that the circumstances of today, give us a far, far more persuasive argument for our cause than any of our predecessors from earlier times.

With those images held before our minds' eyes, today's global strategic objective for Eurasia may be described as follows.

From the Paris-Vienna-Berlin triangle in the west, to Japan and Korea in the Pacific east, the long-term character



Theodore Roosevelt and friend. The 1901 assassination of President McKinley, and the resulting inauguration of Teddy Roosevelt, was a calamity from which the United States has still never recovered.

of trade relations in Eurasia, will be the flow of advanced technology from places in which the density of technology, as measured per capita and per square kilometer, is high, to places where the density of technology is relatively low.

Although this rule will apply universally, certain vectors in these downstream flows of technology are most notable for our consideration here.

Taking the development of Eurasia in the large, the emphasis will be on moving the center of gravity of the population in an inward direction, from the coastal regions. Through the improvements of basic economic infrastructure per square kilometer in such directions, as through emphasis on such goals as transportation, energy-density, large-scale water management, and building up the infrastructure of new and improved urban centers, the presently more backward or simply low-population-density portions of the interior of Asia undergo an increasing population and productivity density, converging on mastery and development of the present deserts and other regions of central and north Eurasia.

This is consistent with some existing policies of China, but carries thought in that direction further, to take into account the entirety of the upland and north and central regions of the Eurasia continent as a whole. This requires the largest-scale development of networks of main trunk and branch systems of transportation, power-generation and distribution, water management, and networks of urban development

throughout the presently more sparsely populated regions of the continent as a whole.

A Brief Lesson From the Deep Past

Pause at this point, to take an important side-excursion, this time into a point as far distant as our planet's prehistoric past. There is a principle, a deep principle of economics and demography, to be made known by aid of that brief excursion into time.

The current estimates are, that man has lived on this planet for as long as two millions years. Crucial artefacts associated with some well-dated sites, show human existence of a cognitive type not found in the higher apes, as distant as a half-millions years or so ago, even in Europe. During that entire period, of millions of years, this planet's northern hemisphere has been subject to periods of glaciation lasting a time in the order of roughly 100,000 years. We are presently in the later part of an inter-glacial period which began about 20,000 years ago. During the most recent period of glaciation, the level of the oceans was between 300 and 400 feet lower than today.

From more recent parts of the long time before recorded history, the existence of leading known examples of human cultures, was dominated by transoceanic maritime cultures, of a type echoed by the phenomenon of the invasions of the Mediterranean by Peoples of the Sea four thousand and more years ago. Very ancient solar-astronomical calendars of initially astonishing sophistication, such as some dated to Central and North Asia, typify the relevant evidence on this account, and the echoes of such calendars in the astrophysics associated with the high point of the great pyramid-building in Egypt, are part of the relevant insight into developments rooted in pre-historic times.

As the glaciation melted, the spread of population into historic times, moved more and more inland, as we see such evidence from historic periods; but, the concentration of civilized habitation, tended to be limited to inroads provided by naturally favorable conditions, such as great rivers.

To cut the preliminaries short, as we see in the case of China today, it is the lack of adequate inland development of basic economic infrastructure, which cramps the total population still into coastal regions, and tends to make the interior more sparsely populated, and the latter areas, and its inhabitants, relatively poorer. For China, as for the interior of Asia as a whole, the use of modern technology for the economic conquest of the interior regions, is the great challenge before us, during the presently unfolding century. With emphasis upon the development of primary sources of generated power of increasing energy-flux density, this challenge is a conquerable one. The included result will be a qualitative change in the combined historic and prehistoric relationship of the human species to its available, underdeveloped great land areas of Asia, Africa, the Middle East, Australia, and large tracts of Central and South America.

The means by which this goal can be attained in Eurasia,

is the combination of increasing scale and energy-flux density of primary sources of usable energy, combined with an increasingly dense grid of main-trunk and branch corridors of transport and development. The result will be a dramatic, qualitative shift in the net-cost-advantage of long-range “rail” traffic over ocean freight. The successes, and failures to date, of the present abortive and decaying U.S. development of its continental railway system, teaches us what is, for many, a stunning lesson in the combined history and prehistory of mankind.

If we simply move freight over distance, from one distant point to another, there is no economic gain to society in the costs directly incurred by that transport. However, if the flow of freight over a development corridor, is efficiently interacting with production occurring along that route of travel, the net cost of operating the transport route may be substantially less than zero. Said most simply, in that case, the existence of that transport route increases the rate of net physical gain to society as a whole along every mile of that route. This is, in a sense, “found money,” wealth which would not have come into existence unless that functioning route had been developed and set into operation.

If the density of activity along a long route, such as the main-trunk corridors across the Eurasian heartland, is raised to a sufficient level, the cost of freight by rail, from Seattle, Washington, in the U.S.A., across a route constructed across the Bering Strait, to Vladivostok and the Tumen development region of China, may become cheaper, in net cost, than a shipment of ocean freight to the same Asian destinations. The development of routes along the tundra region of north Siberia, a feasible longer-range project, poses the possibility of benefits in world transport, and also the opportunities for economic development of mineral resources, for example, not otherwise economical for exploitation and development.

If one examines the case which I have just so summarized, from the standpoint of the fundamental discoveries of the Nineteenth-Century physicist Bernhard Riemann, we recognize that the kind of use of development corridor-networks I have sketched here, opens the way to a fundamental shift in the characteristics of mankind’s physical-economic relationship to the biosphere of this planet. The possibilities for South America and Australia, illustrate that the opportunities are of a general nature. We might say, that for economics, this represents an effect of a type roughly comparable to “breaking the sound barrier” in the world economy.

A Structural Reform in Employment

The challenge of reviving a sick world economy through a new quality of long-term investment in downstream flows of the most advanced technologies into areas of lower technology-density, signifies a radical shift away from the directions in composition of employment which have occurred within western Europe and the U.S.A. during the recent thirty-four years, since the savage, mid-1960s cut-backs in what had been

the highly profitable, Kennedy space program.⁷

The early phases of what has become the now largely doomed fantasy called “information economy,” or “new economy,” came to the surface, among circles closely associated with the nuclear utopians H.G. Wells and Bertrand Russell, during the late 1930s and 1940s. The roots of this can be traced to such events as Russell’s 1938 launching of his Unification of the Sciences project, as at the University of Pennsylvania, and the Margaret Mead-linked Cybernetics project of the Josiah Macy, Jr. Foundation. The key figures of this hoax called “information society,” were a pair of former acolytes of Russell, who shared the common distinction of having been kicked out of Göttingen university for incompetence by the great David Hilbert, MIT’s Professor Norbert Wiener, the putative co-discoverer of “information theory,” and the John von Neumann who is widely credited with authoring two of the greatest hoaxes popularized during the recent half-century, “systems analysis” and “artificial intelligence.”

As I have identified this problem, above, although depraved arch-aristocrat Russell was the originator of the utopian nuclear policy which bombed the civilian population of Hiroshima and Nagasaki, unnecessarily, for no actually military reason, Russell, like his fellow nuclear-weapons fanatic Wells, hated modern science and industrial society in about the same proportion that Russell sometimes avowed his pure hatred of the United States as such. As the later discredited thesis of his *Principia Mathematica* typifies his anti-technology views,⁸ Russell’s continuing desire, was to find a way to run the world by abstract, ivory tower forms of mathematics, rather than the hands-dirty sort of science associated with engineering and the design, construction, and conduct of proof-of-principle experiments.

Two sometime acolytes of that satanic high priest, Russell, Wiener and von Neumann, were both fanatical adherents of that “ivory tower” view, radical positivist von Neumann more consistently, more fanatically than the gadget-conscious Wiener.⁹

Perhaps nothing demonstrates the folly of the views of

7. The 1970s estimates for the contributions of technological spill-overs from the space program to the economy leave no doubt, that even allowing for a considerable margin of error in the estimates, the U.S. economy received 10 cents in benefits for each penny its government spent on the space program. See Marsha Freeman, “Space Program Spending Paid for Itself Many Times Over,” *EIR*, Feb. 23, 1996.

8. Kurt Gödel, “On Formally Undecidable Propositions of ‘Principia Mathematica’ and Related Systems,” and *Discussion on Providing a Foundation for Mathematics*, *Collected Works*, Vol. I (New York: Oxford University Press, 1986).

9. Norbert Wiener, *Cybernetics* (New York: John Wiley, 1948); *The Human Use of Human Beings; Cybernetics and Society* (Boston: Houghton Mifflin, 1954); and *I Am a Mathematician* (Garden City, N.Y.: Doubleday, 1956). Von Neumann’s rabidly anti-scientific view is sufficiently disclosed by the introduction of the work on systems analysis which he co-authored with Oskar Morgenstern, *The Theory of Games & Economic Behavior*, 3rd edition (Princeton, N.J.: Princeton University Press, 1953).

that pair, and their duped followers, as plainly as the catastrophic failure of the utopian folly called “bench-marking,” introduced, during the recent decade, in the attempt to eradicate the cost of employing engineers, by ivory-tower sorts of mathematical modelling. Thus, the richly deserved, onrushing collapse of the so-called “new economy” financial bubble, has implicitly the same consequence for “information theory,” that the crash of the financial bubbles of the early Eighteenth-Century France and England had for the reputation of John Law. Like the ideas of Bertrand Russell, ideas that could never work, must, sooner or later, fail.

As it is said on such occasions, “Back to the drawing board!” Better said: return to the place where the wrong turn in the road occurred. The economic ideas which may be recalled from President Roosevelt’s preparations for and leadership of World War II, which were also the ideas associated with President Kennedy’s launch of the scientifically and economically successful “crash” space program, are back on the agenda once more.

This means that there must be a rapid shift in the composition of employment of, for example, the U.S. labor-force as a whole. The rations of farmers, industrial operatives, engineers, science-oriented professionals, and so on, must not only resume the nation’s emphasis on physical output, as typified by the Roosevelt and John F. Kennedy years, but shift the technological composition of employment upward, in favor of the physical sciences and engineering, at the expense of the categories of employment associated with a veering toward “post-industrial society.”

We must reorient economic and related policy to adapt to the required leading role of a “science-driver crash program” in effecting a sustainable global economic recovery under the present conditions of crisis.

This change in composition of employment, must absorb a decrease in the number of combined hours of work and commuting per adult member of the household, each week. Today’s normalized image of the adult, returning home at last, exhausted, to plop before a mind-deadening television screen’s performance, must become obsolete.

For example, do you remember the famous “suggestion box” found in every enlightened employer’s employee areas? Do you recall how many hours an employee would often work, and the research he or she would conduct, on his or her own account, to compose a carefully crafted proposal? This was done during the same leisure portion of the week during which other personal activities of a creative or kindred quality often occurred.

We need that kind of family household and circumstances of life once again; we need the conditions of life of the labor-force on which the success of the U.S. reconstruction under Roosevelt, the war, and the post-war development could have occurred as they did. In tough times, like those immediately ahead, some of the accommodations provided may be relatively sparse, but the intellectual life of the general population

must not be sparse. We need a thinking labor-force once again; we need a population oriented to something better, as a mission in life, than “just getting by.” Conditions may be austere, as a result of the grave mistakes in policy our nation has committed, but the conditions must never be brutal.

The Role of State Credit

Many, perhaps most of you adult readers, have overheard, at least once, the strange and often lugubrious expression, “honest money.” This recently revived, somewhat popularized delusion of today, is properly considered the kind of political relic of those by-gone, pre-Raphaelite, feudal times, whose memory was so tenderly and obsessively fondled by such arch-Romantic followers of Benito Mussolini as Ezra Pound and the father of the late, notorious, and savagely exotic James Jesus Angleton of the London-based office of war-time OSS, and, later, Allen Dulles’ CIA.

This neo-feudalist notion of “honest money,” springs from the same pathological root, as the notion that the existence of economy begins with a hoard of money as such, such as the hoard allegedly created and maintained by either stingy leprechauns, or misers with croaking voices, imagined as nursing their hoards in dirty dark hovels, where molds watch the negotiations from their ensconcement on the corners of stale crusts of bread. One might suspect that Angleton had meticulously listed each of those misers, by name, date of birth, and suspected family connections to Karl Marx, in his squinting, crabbed notations. He would have shaded his eyes in an expression of his habitual obsession with tight security, as wrote down each name, as was reported to him by his usually reliable informants, whether any of the creatures so listed had ever actually existed or not.

Such is the world in which believers in so-called “honest money” dwell. In a proper psychiatric appraisal, such beliefs are a form of delusion tantamount to mass insanity. Fortunately, the etiology and cure of such mental disorders is known, but delivery of the cure has been met with certain impediments, especially those erected from among the monetarist fellow-travellers of the Mont Pelerin Society. It is said, that the typical individual who believes in the competence of Professor Milton Friedman, would probably believe in almost anything, especially if it were insane, as is the notion of “honest money” itself.

Pedagogically useful academic entertainments aside, to come directly to the crucial point, money, by virtue of its nature, has virtually no intrinsic value at all. In modern civilized nations, as in sane ones generally, money is a form of debt, properly debt issued as currency by a sovereign government, and circulated for the intention of promoting trade and investment. In short, it is as the founders of the U.S. Constitutional republic expressed this intention, and as the first Treasury Secretary, Alexander Hamilton, clarified the point with an enviable degree of precision and other excellence.

To the extent that such money, issued and circulated in

such a fashion, is to be associated with some actual economic value, the location of the existence of that value is not to be found in the individual commodity, or transaction as such, but, rather in the economy considered as an essentially indivisible whole.

A perverted, but pedagogically useful expression of the significance of “economy as a whole,” is to be found in the method of determining the current financial assessment of the monetary value of a “share,” by the application of the notion of “financial leverage” to the estimation of “shareholder value.” The lunacy of the monetarist outlook employed to define such notions of monetary “shareholder value,” lies in the psychopathological form of misconception of the value of money itself.

The value of money lies in the value to society as a whole of the circulation of physical and related wealth which it facilitates. This value can be estimated fairly, if all money prices are removed from a study of the flow of physical and related activities through the economy taken as an indivisible unit. This notion of a non-monetary approximation of a unit of economic value in exchange, is derived by comparing the rate of physical output from production, to the total bill of materials and process-sheet requirements sufficient to maintain that rate of output.

In such pedagogical exercises in first approximations, the goal is to compare such rates of cost to output, with the rate of increase of output over costs so designated. A refined estimate to this effect, requires that all of the elements of incurred physical cost of a society’s economy, be compared with the rates of changes effected in both the ratio of output to input, and also the estimated changes in potential relative population-density of that society, as measured in per-capita and per-square-kilometer terms.

The point is, that the value associated with the circulation of money *for such purposes*, as opposed to all circulation for financial and related speculation, should reflect both the current productivity of the economy, per capita and per square kilometer, and also the rate of growth of that productivity, both in absolute and relative terms.

Among those great fallacies, better described as lunacies, associated with fantastic belief in the existence of “honest money,” is the errant believer’s disregard for the indispensable role of development of basic economic infrastructure, and state-supplied services in making possible the economic development on which the production and circulation of goods depends. On this account, the attempt to impose “free trade” upon a modern economy, can only ruin that economy, as London’s agent Jacques Necker, as apostle of “free trade” and also King Louis XVI’s finance minister, bankrupted the most productive economy of Europe, France, sent France into Hell and that king on the journey to the guillotine.

On that account, the complementary delusions called “honest money” and “free trade,” are to be regarded in their effects, as well-defined cases of mass psychosis.

In any sane modern society, the creation and regulation of money is a monopoly exerted by the government of a sovereign nation-state. As the Constitution of the U.S.A. prescribes, the creation of money is effected through the authorized issue of a form of government debt in the form of non-interest-bearing currency notes.

These notes are placed into circulation, not only to facilitate trade, as the Massachusetts Bay Colony created the highly successful issue of paper money for that specific purpose. The added function is to make possible high rates of new capital formation, by loaning issues of such notes through national-banking facilities, into the general banking sector, or as direct loans. The principal basis for the emission of currency for the purpose of creating medium- to long-term debt and capital improvements, is to mobilize otherwise wasted, or misused resources of manpower and so forth, for investments in undertakings which can not be repaid in full in a shorter lapse of time than medium- to long-term schedules. The wealth so created in the form of debt, is created against the “full faith and credit” of the government of the sovereign state.

All of these and related considerations strike us with paradoxical full force, as the present world financial collapse plunges into its terminal phase. Against the inevitable and indispensable write-off, or long-term freezing of currently unpayable financial claims, we must create enormous masses of trade and related credit in the form of state financial credit issued, chiefly, through the machinery of national-banking facilities and procedures. The object is to bring the world economy, as much as possible, and as rapidly as feasible, up to a level corresponding to physical-economic net breakeven of current output over costs.

The choice of mechanisms required for such radical changes will be forced upon governments, if those governments are not so insane as to refuse the measures which reality and the principle of the general welfare demands of them. Presently, virtually every central banking system of the world is desperately, hopelessly bankrupt. There is no possibility of a continuity of economy without the sovereign government’s assuming its unshirkable authority and obligation under natural law, to take these bankrupt central banking systems into receivership for bankruptcy reorganization. The government-created facility for that purpose becomes, as if automatically, a national bank in the sense specified by U.S. Treasury Secretary Alexander Hamilton’s celebrated report to the U.S. Congress on this subject-matter.

The rule must be, that the essential functions of government, banking, production, trade, and essential social and related services, must continue to function in an orderly way, and must also serve as the bridge for an accelerating rate of real economic growth, both in domestic and world hard-commodity categories of trade.

As the bankruptcy of today’s leading central banking systems illustrates the point, the needed continuity of stable order in society could not be accomplished without invoking the

powers peculiar to the government of a perfectly sovereign nation-state republic. On our willingness to accept that reality, depends our nations' ability to survive, and therefore, the ability of their economies also to grow.

4. Russia in Europe

Until the Fifteenth-Century Renaissance's creation of that revolutionary new institution, the sovereign nation-state, premised its authority upon the principle of the general welfare, the known existence of mankind was dominated by cycles of doom. In leading well-known cases, the cause for the recurring collapse of once-powerful cultures was chiefly the impact of the prevalent oligarchical principle, as typified by the systemically decadent cultures of ancient Mesopotamia and Rome. The persisting degradation of the majority of the subject population to the political, social, and economic status of human cattle, accompanied by the decadence inhering in the parasitical role of the ruling oligarchy and its lackeydom, generated the physical trends, and correlated social and political effects which ensured the next downward plunge of the cycles of doom.

In this pattern, the remedy for an oligarchy which was threatened with collapse within the bounds of the territory it occupied, impelled it to seek a remedy in conquest. Hence, the associated patterns of imperial imperatives frequently associated with the phenomenon of oligarchical cultures. Sooner or later, as the expansion reached a lurking, inevitable outer limit of sustainable political expansion and control, the entropy inhering in the nature of oligarchical society closed in, creating the combination of internal and external forces through which the society was brought into either permanent collapse, or a cycle of collapse.

In modern times, when we have acquired the knowledge to understand the necessity underlying such cycles of doom, we are able to appreciate the unique implications, on this account, of that Fifteenth-Century Renaissance creation, the sovereign nation-state, based in natural law on the principle of the general welfare.

There are many considerations to be taken into account, in arriving at a defensible insight into a choice of reasons why this development should have appeared within the framework of a European civilization distinguished, most essentially, by its origins in the emergence of the Classical culture of ancient Greece. From study of the internal struggle on related issues within that European civilization itself, there are principally two cultural factors responsible for this historical distinction. That is to say, every other known culture, despite its notable contributions to cultural development of mankind, failed for lack of sufficiently strong net development of two conceptions unique to the combination of development of Classical Greek culture with the impact of Christian, Jewish, and Islamic

monotheism. These two influences intersect and overlap in Plato's *Timaeus* dialogue, most specifically, and in the impact of Christianity, especially as expressed through the Gospel of John and Epistles of Paul, respecting the principle of *agapē*, and the notion of man and woman as each equally man in the image of the Creator of the universe. The common ground of that intersection, was the Classical Greek notion of the idea, as the term *idea* is usually associated with the work of Plato.

In short, the distinction lies in the conception of the essential nature of man. On this account, the advantage of Christianity over the generality of that Jewish population which Christ and his disciples represented at the time of the Crucifixion of Christ by Rome, was the Christian emphasis on the practice of the universality of human nature, rather than a religion of the Jewish population as such. Just so, the commitment of Islam to universality, shows the similarities and differences among the growth of the Christian, Jewish, and Muslim communities as exhibited by the evidence from the whole span of the recent two millennia.

If we examine the approximately 1,400 years between the birth of Christ and the onset of the Fifteenth-Century Renaissance, we observe that, in the case of Christianity, there was no principle of law which did not implicitly require Christians to create a community of common principle among perfectly sovereign nation-states, as the only political order of society consistent with Christian principle. The struggle to free Europe from the corrupting vestiges of Roman imperial customs and law, was a long one; but, the notable fact is, that that struggle persisted, and it was a visibly resurging struggle, up to the period of the Council of Florence and the first pioneer forms of modern nation-state, under France's Louis XI and Henry VII's England.

The concept of *agapē*, as reflected in *I Corinthians* 13, is of special importance in this historical portrait. As Plato's dialogue on this matter, in the debate among Socrates, Thrasymachus, and Glaucon, makes clear, and as the same point in law is presented by Paul in that Epistle, *agapē* represents the necessary *intent of law*, which supercedes any literal reading of given statute. The intent to which all literal law must be subordinated in authority, is the intent otherwise associated with the principle of the general welfare. In other words, the terms *agapē*, *intent of law*, and *natural law* all signify the same principle expressed in slightly different ways.

This notion, as expressed variously in those corresponding forms, is inseparable from the definition of the nature of man, as located in cognition, rather than sense-perception. The person who must enjoy the protection and other benefit of the intent of law, is regarded as a person, not in his biological existence as such, but in the personality which resides essentially in the individual's cognitive identity. Thus, in the intent of law, we afford protection to the body for the sake of the inalienable rights lodged within the person, a personality which is the mind in its cognitive functions, as, functionally,

a perfectly sovereign cognitive process. It is that cognitive process which generates validatable discoveries of universal principle, either as original discoveries, or as re-enactments of original discoveries. It is through that process of cognition, and only that process, that mankind's power in and over the universe is supplied. Here, and here alone, lies the actuality of man made in the living image of the Creator. Yet, this process can not be seen by the powers of sense-perception, even though we can prove those discoveries, in irrefutable ways, to have been true such cognitive discoveries. It is there that the essential nature of the human individual lies; it is to that that the intent of law applies, and must be applied; otherwise, it is not acceptable as a principled expression of law, but only as a dubious pretense.

It was this Fifteenth-Century revolution in statecraft and law, which enabled globally extended modern European civilization to rise to its unequalled achievements per capita and per square kilometer. It is that achievement, and the means by which it is fostered, which is indispensable to prevent humanity as a whole from falling, perpetually, into those cycles of doom which have dominated human existence in all other forms of culture. It is, conversely, our toleration of the insurgency of the oligarchical principle, as expressed by the Southern Strategy, by "free trade," by malthusianism, by "globalization," by "de-regulation," which have plunged a decadent European culture, over the past thirty-five years, up to the threshold of a new cycle of doom.

On this account, a moral renaissance within globally extended modern European civilization as a whole, is demanded of us, that we might provide to our friends in East and South Asia, and elsewhere, the forms of cooperation which had given European culture its great, unprecedented global advantage, during, especially, the better parts of the recent three centuries.

Russia is an integral part of that globally extended modern European civilization. Its development, following the centuries of dark age imposed upon it from Asia, supplied a Russia throwing off the shackles of foreign tyranny, the imperative to defend itself in Asia, lest the repelled tyranny return again. For such sundry good and bad reasons, Russia became in fact Europe in Asia. It is in that role, in its trading and other relations within the territory of the peoples of Asia, that its leading part in the present new century will probably lie.

On that and related premises, the fundamental strategic interest of the United States, is to establish the kind of community of principle among sovereign nation-state republics which was defined by the great ecumenist Nicholas of Cusa's *Concordantia Catholica*, a policy which was affirmed by U.S. Secretary of State John Quincy Adams' work in securing the adoption of the so-called Monroe Doctrine of 1823 for the Americas. The present crisis should have reminded us, that the time has come to seek to bring into being a true, global community of principle of that sort.



Russia is an integral part of globally extended modern European civilization: Europe in Asia. Here, a monument to Russia's beloved poet Aleksandr Pushkin, near Tsarskoye Selo. Pushkin walked in the footsteps of Friedrich Schiller, and sought to bring to his homeland a Classical renaissance.

Respecting the cultures of Asia, it is not our proper intent to impose cultural standards upon them as cultures. However, in our practical efforts of cooperation made in search for a true community of principle among sovereign nation-states, we must not ignore the great gifts which modern European civilization has been given, the gifts by means of which to terminate those cycles of doom which had gripped humanity prior to Europe's Fifteenth Century, and grip most of this planet at the present time.

We must, at the same time, recognize, that Russia's role in the collaboration to which I have pointed, can not be that of a passive vehicle. Unless and until the leaders of Russia are able to arouse their population to a sense of the great mission lying before Russia in Asia at this time, Russia will be unable to mobilize its will for an effective such undertaking. On this account, the nations of the Americas and Europe must unite with Russia around a common sense of division of labor in a common global mission, to bring about a true global community of sovereign states, by means of cooperation in freeing all peoples from those material and related conditions of life, on which the long legacy of cycles of doom has been premised until now.

Israeli 'Peace Now' Reveals, Settlements Grew Since Oslo

by Dean Andromidas

A new report by Peace Now, Israel's leading peace organization, exposes the fact that Israeli settlements in the West Bank and Gaza Strip have increased by more than 50% since the signing of the Oslo Peace Accords in 1993. In December 1993, there were 115,700 settlers, and, by the end of this year, the number is expected to reach 199,460. Entitled "Facts on the Ground Since the Oslo Agreements, September '93," and compiled by the group's "Settlement Watch" committee, the report demonstrates that the expansion of settlements is one of the principal reasons for the Palestinian frustration and rage fuelling the current conflagration in the Israeli Occupied Territories.

The settlements represent one of three major causes for the failure of the Oslo Accords. The other two include the failure to keep to the original Oslo timetable, where, by 1998, a Palestinian state in the West Bank and Gaza Strip, with East Jerusalem as its capital, should have been established. The third, and most crucial, is the failure of the Israeli government, the United States, and the international community to implement the crucial "annexes" of the Oslo Accord. These annexes called for building a Palestinian state in the context of a massive regional economic development plan, including development of infrastructure, industry, and, above all, desperately needed water resources, through desalination. These annexes paralleled the "Oasis Plan" for Middle East economic development put forward by American statesman Lyndon LaRouche.

A source close to the framers of the Oslo Accords pointed to the failure to implement the "macro regional economic development" ideas and "the broad vision" encompassed in these annexes, as the "principal cause" for the collapse of the peace process.

Doubling of Settlers in Seven Years

The raw facts given in the Peace Now report speak for themselves. The settlements have increased at a far more rapid pace since the signing of the Oslo Accords in 1993, than in the 25 years between 1967, when Israel seized the West Bank and Gaza Strip, and 1993. Peace Now drew the following data from the Israeli Central Bureau of Statistics:

Population: Between the end of 1993 and June 1999, the settler population increased 52.96%, from 115,700 to 176,973, a rise of 61,973. Given an average annual growth of 7.9% during 1992-98, Peace Now projects a settler population of at least 199,000 by the end of this year: a rise of 84,000, or 72%.

Housing: The number of housing units has increased by 52.5% since 1993, which includes 17,190 housing units added to the 32,750 which existed as of 1993. Of these, 2,830 were constructed in the first year of Prime Minister Ehud Barak's 18 months in office.

New settlements: Although there are 145 official settlements, they are distributed in 200 independent localities on the West Bank and in Gaza. Despite the fact that the Oslo Accords were to signal the end of new settlement construction, three new Israeli government-sponsored settlements were established, with a population of 12,212. In addition, 42 unofficial settlements were established, of which only a handful have been dismantled.

New roads: The construction of "by-pass" roads, designed to allow the settlers to avoid travelling through populated Palestinian areas, has been carried out at a similar pace, with 159 kilometers paved during 1994-97. These roads are constructed on agricultural lands that were simply confiscated from Palestinians.

These figures do not include 180,000 Israelis who live in settlements within East Jerusalem and parts of the West Bank that have been annexed by Israel, and are now within the municipal boundaries of what Israel terms unified Jerusalem. By the end of this year, at least 400,000 Israelis will live in areas captured by Israel in the 1967 war.

For the Palestinians, the settlements are the most visible and degrading aspect of the Israeli occupation. They are built on land that was simply confiscated by the Israeli military command that governs in the territories. These lands are not barren desert, but include Palestinian olive orchards, grazing land, and other agricultural properties. The report documents that 740 Palestinian homes were demolished in the West Bank alone, since 1994. In addition, Palestinian workers desperate for employment have been hired over recent decades to build the homes of a population that despises them.

Many of these settlements are deep within Palestinian urban centers. The most dangerous of these settlements is in the middle of Hebron, one of the largest Palestinian cities on the West Bank. This settlement of 400 people is controlled by the most radical and racist of the settler organizations. It holds hostage the surrounding Palestinian community of more than 30,000, who must remain under full Israeli military control. This entire section of Hebron has been under 24-hour curfew since the current clashes began two months ago. The killer Baruch Goldstein, the settler who massacred dozens of Muslim worshippers in 1994, lived in this settlement's sister settlement, Kiryat Arba, just outside of Hebron.

In the tiny Gaza Strip, 6,500 settlers live in 16 settlements which are surrounded by a security zone occupied by the Israeli military, which covers more than 20% of Gaza. Thus, 2 million Palestinians are left to live in 650 towns in the remaining 80%, many in squalid refugee camps. It is in one of these settlements that the son of Meir Kahane, the founder of the fascist Jewish Defense League and the outlawed terrorist Kach organization, runs a radical yeshiva, or religious school, in the same tradition as his father.

The current growth rate of the settlement population, through natural growth and immigration, is 7%, while the growth rate of the Palestinian population is only 5%. Israel has refused to allow immigration of any of the hundreds of thousands of Palestinians who live outside of the territories, many in refugee camps in neighboring Jordan and Lebanon, into the West Bank or Gaza.

Because of Israel's need to secure the settlements under the Oslo Accords, the West Bank has been divided into three zones, A, B, and C, where A is under full Palestinian control; B is jointly controlled, with Israel continuing its military occupation; and C is fully controlled by the Israelis. This has bottled up the Palestinian population into no fewer than 190 mini-bantustans. They are required to go through military checkpoints, which can often be a degrading and dangerous experience. This state of affairs has lasted for almost a decade,

and has made any progress in Palestinian civil and economic development impossible.

Dismantle the Majority of Settlements

Peace Now puts forward a clear position on the settlements: "Israel's overriding interest is to secure an agreement ending the occupation of the West Bank and Gaza Strip, and end our control over a large and hostile population." It urges the Israeli government to "engage in negotiations with the Palestinians on the basis of the Green Line of 1967, including Jerusalem."

In order to do this, the majority of the settlements must be dismantled and 85,000 settlers relocated back within Israeli borders, as a prerequisite for a peace agreement. This includes the dismantling of all the settlements in Gaza, and the relocation of its 6,500 settlers. In the West Bank, this includes dismantling settlements located in the heart of densely populated areas, those surrounded by Palestinian towns, deep within the West Bank, in the Jordan Valley, and those that break up the contiguity of Palestinian areas.

The report suggests that it is feasible that two other categories of settlements—those located along the "Green Line," Israel's 1967 border, and the Jerusalem metropolitan settlements lying on the West Bank, which cover a total of 5.5% of the West Bank—could be annexed to Israel through land exchanges in agreement with the Palestinians.

The report dismisses the Israeli government's proposal to annex so-called "settlement blocs" as totally unworkable, because this would require annexing regions where more than 100,000 Palestinians currently live. Furthermore, it says, the claim that it is possible to annex 80% of the settlers "has no foundation in reality, and reflects the wishes of certain politicians rather than demographic facts." It also shows that the government's unilateral "separation plan" is not only unacceptable, but could not be implemented.

A spokesman for Peace Now also dismissed the idea that settlements could remain within territory given over to the Palestinians. He pointed out that it is precisely these settlements that are controlled by the most radical anti-Palestinian settlers, who would never tolerate living under Palestinian sovereignty, and therefore would only perpetuate the conflict. Further, these radical settlers claim that, as Jews, they have a "right of return" to the Holy Land after 2,000 years. The spokesman points out, that if that is the case, then the Palestinians could easily claim the "right of return" to their homes in Israel, which they fled as a result of the 1948 war, only 52 years ago.

The report also debunks legal arguments that have been put forward by the Israeli government, concerning dismantling or freezing the settlements. According to a legal opinion included in the report, the Israeli legal system gives precedence to "public law" over private law, especially when "necessary public conditions" apply. It points out that the West Bank and Gaza are considered occupied territories, where

Israel has been declared in violation of international law and treaties that it is a party to. Thus, “necessary public conditions” obviously exist.

Settlements and the ‘Southern Strategy’

The settlements issue has a political dynamic that goes beyond simply “obstacles to peace.” The supporters of these settlements, both in Israel and the United States, represent the Israeli counterpart to the “Southern Strategy” of factions within the U.S. Republican and Democratic parties. They are not only linked to, but play the same role as, U.S. Christian fundamentalists, in distorting and manipulating the political environment. These groups, working both in the Israeli and American political scene, are the principal obstacles to peace.

EIR has documented extensively (see Nov. 3, 2000 issue) the ties between the radical right and religious fundamentalists in Israel, and the Christian right and kindred networks in the United States. These networks are responsible for the Nov. 4, 1995 assassination of Israeli Prime Minister Yitzhak Rabin, and for assassination threats against President Bill Clinton. In addition, Vice President Al Gore, who has exercised inordinate influence on the foreign policy of the Clinton Administration, is known to be much closer to right-winger, former Prime Minister Benjamin Netanyahu than to Rabin, Shimon Peres, or Barak.

The degree of expansion of Israeli settlements would not have been possible, had not the U.S. government turned a blind eye to it, or perhaps supported it. One might legitimately ask how it is possible for the Clinton Administration and the various governments in Israel under Rabin, Peres, and Barak, all publicly committed to a peace agreement, to allow such expansion. The answer lies in the “Southern Strategy.”

Since the Administration of President Gerald Ford, the United States has officially opposed the building of settlements in the Israeli Occupied Territories as “obstacles to peace.” It was illegal for official U.S. aid to be spent on building settlements in the territories. Between 1991 and 1992, the Bush Administration froze \$10 billion in loan guarantees that had been offered to the Israeli government for its effort to absorb tens of thousands of Russian Jewish immigrants (and as an enticement to bring Israel to the Madrid Peace conference).

In the beginning of 1993, prior to the signing of the Oslo peace agreement, there was a shift in U.S. policy, toward the idea that the “natural growth” of settlements would be permissible. The effect of this decision on settlements can be seen in the Peace Now report. It documents that, at the end of 1993, housing starts collapsed to pre-1989 figures after reaching a peak at the end of 1991. The collapse was an obvious result of the freezing of loan guarantees, as well as a glut in the Israeli housing market. Starting in 1994, housing starts steadily increased, hitting a new peak in 1998 under the Netanyahu government, more than doubling from the 1993 level. Since Netanyahu left office last year, housing

starts have by no means collapsed, but continue at a somewhat lower level.

Despite this shift, there were clear voices in Israel in 1993 pointing to the dangers of the continuation of the settlements policy. In March 1993, the now-defunct daily *Davar*, which was the mouthpiece of the Israeli Labor Party, editorialized: “The territories captured by the Israeli Defense Force in 1967 were supposed to have served as collateral, to be placed on the table at the time of political bargaining. . . . Settlement in them was intended to ‘create facts’ inducing the Arabs to come to the negotiations, but when that result was achieved, settlement turned into a fact interfering with the negotiations themselves.”

After Oslo, this shift had a significant influence on the peace camp, as it began to take a softer line on the settlements as well.

Despite their strong influence, the settlers are not part of mainstream Israeli politics. Peace Now reports that the majority of Israelis are ignorant of the facts presented in their report.

According to Peace Now statistics, 40% of the settlers voted for the most extreme ideological parties, including the National Religious Party, the Yisrael Beitenu, and the National Front, which hold 13 seats in the Knesset (parliament) among them, but exercise considerable influence. The National Religious Party, which has strong ties to the right-wing Orthodox Jewish movement in the United States, was in the previous Netanyahu government, where it took positions even more extreme than Netanyahu himself and the Likud party. In the current Barak government, the National Religious Party holds the post of Finance Minister, considered the most senior position, after that of Prime Minister and Defense Minister. They were also in the Barak government before the latter’s coalition collapsed. Yisrael Beitenu is one of two parties representing the Russian immigrant community. Its founder is Avigdor Lieberman, who was known by the nickname “KGB” when he was the top aide to Netanyahu. It is believed that he formed this party as a means of winning support for Netanyahu outside of the Likud. The National Front is a coalition of several ultra-right-wing splinter factions.

Much of the remainder of the settler vote went to Netanyahu’s Likud and other right-wing factions.

In the last three decades, the settlement project developed strong influence throughout the Israeli government and military security structure. For instance, the settlements were created by the military administration in the territories, because it was the governing agency, and it carried out the seizure of Palestinian land. Military personnel, reserve officers, and members of the security forces were encouraged to settle there. Moreover, the government offers large incentives to settlers, including the opportunity to purchase high-quality homes below market prices, social subsidies, and the like. In fact, more than half of the settlers are “non-ideological,” and have moved to these areas because of the economic benefits.

LaRouches Address Economic, Scientific Leaders at Seminar in Budapest

by Elisabeth Hellenbroich

From Dec. 4-7, American statesman and *EIR* Founding Editor Lyndon H. LaRouche, together with his wife Helga Zepp-LaRouche—the founder of the Schiller Institute—visited the Hungarian capital, Budapest. In addition to discussions with political representatives and scientists, LaRouche and his wife addressed a seminar at the St. Laszlo Academy, attended by more than 80 people, including diplomats, political and economic representatives, industrialists, church representatives, scientists, and students.

In his speech, LaRouche laid the focus upon the onrushing global financial crisis, which is intersecting the electoral crisis in the United States; its implication for the world economy; and what type of overall, as well as regional solutions will be needed to solve it. When the Soviet system began to disintegrate in 1989, instead of a partnership between the transatlantic powers based on the development of eastern Europe, Bush, Thatcher, and Mitterrand imposed a policy of economic de-

struction on eastern Europe. Instead of developing the real economy, “shopping malls and McDonalds were allowed in eastern Europe,” LaRouche said. “International corporations came to grab all and destroy the labor power. There was more political freedom, but the conditions of life of the families grew worse and worse.”

The only alternative to the unfolding tragedy for humanity, LaRouche told the seminar, would be to take the approach which President Franklin Roosevelt took in the last great Depression. Like all great Presidents of the U.S.A., the type of policy which FDR proposed as solution to the Depression was a community of principle among sovereign nation-states, dedicated to the Pauline principle of *agapē*.

LaRouche outlined his proposals for reorganizing the bankrupt world monetary system, by following the legacy of FDR and calling for a New Bretton Woods. What is needed, LaRouche stressed, is a mission of cooperation among nations. He took the example of the need to build up the infrastructure of the entire Balkan region, including transport and power, the protection of small farmers and entrepreneurs, as well as to organize the means of credit so as to develop the region as a whole. LaRouche identified the infrastructural and economic development of the area of the Carpathian Basin, south to the Black Sea, as one of the new building blocks of the New World Economic Order.

In her contribution, Helga Zepp-LaRouche remarked, that in the Chinese language, there are almost identical signs for “crisis” and “change”: an expression of the paradoxical fact, that fundamental crises, like the one we are facing today, contain deadly dangers, but at the same time, huge chances for a change for the better.



Lyndon and Helga LaRouche at the Schiller Institute seminar in Budapest.

President Fox's Priorities for Mexico: Legalize Drugs, Extend Slavery

by Rubén Cota Meza

Within hours of taking office on Dec. 1 as Mexico's new President, Vicente Fox Quezada announced to the commanders of his country's Armed Forces, "We are going all out against the drug trade!" However, at the same time, his Foreign Affairs Minister, Jorge Castañeda, was announcing that one of the priorities of the government's foreign policy would be "a new focus" on drugs, including "the decriminalization of certain currently illegal substances," and the use of "market mechanisms" to lessen the "damage resulting from the prohibitive nature of the drug trade."

Castañeda's choice turns of phrase—which could only have been expressed as brazenly by Milton Friedman, the "butcher of Chile," promoter of legalized drugs, including heroin, and Satanic follower of the doctrines of Bernard Mandeville—appears in the chapter "Foreign Policy Notes for the Vicente Fox Government, 2000-2006," written for *Chile-Mexico, Two Face-to-Face Transitions*, a book compiled by Luis Maira.

Shortly thereafter, in an interview with the newspaper *La Jornada*, Castañeda was asked about his proposal to legalize drugs. He answered that he presented his proposal "in U.S. forums, along with very conservative individuals such as Milton Friedman and George Soros: These elements have to be viewed domestically in a more flexible, modern current." Soros, the infamous megaspeculator, is also the leading financier of efforts to legalize drugs on a global scale.

At the same time, Adolfo Aguilar Zinser, National Security Adviser to the Fox Presidency and co-author of the book *The Military and Democracy* (better known as "The Bush Manual to Dismantle Ibero-America's Armed Forces"), announced that investigating and combatting the laundering of the profits of organized crime are not among its concerns, but would be the responsibility of Finance Ministry technicians. The Finance Ministry, of course, is now in the hands of Francisco Gil Díaz, the leading Mexican disciple of Friedman. Equally stunning, is that human rights policy in Mexico has been given over to Mariclaire Acosta, a signer of international media advertisements in favor of drug legalization, paid for by Soros.

So, what are we to conclude? Is the plan to hand Pemex, the state-run oil company, over to the DuPonts (the new head

of Pemex is Raúl Muñoz Leos, president of DuPont in Mexico), under the pretext of shutting down this alleged "slush fund" for politicians, only to milk the "cash cow" of the drug trade? Was the statement given to the Armed Forces by Fox (who until recently served as an executive of Coca Cola Co. in Mexico), that he would go all out against the drug trade, just another case of "telling the client what he wants to hear"?

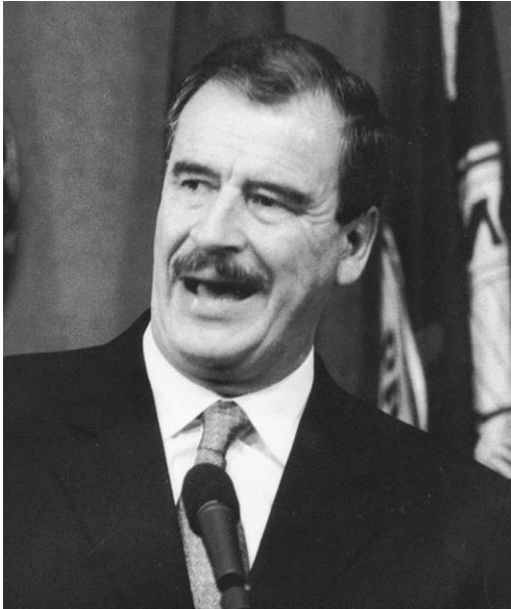
In a review of his six years in office, outgoing President Ernesto Zedillo described Mexico as "a guinea pig of globalization." Indeed, Fox's electoral victory, to which Zedillo decidedly contributed, and the formation of his new government, is the natural product of "artificial insemination" from abroad, a Mexican clone resulting from the pairing of two of the most criminal free-trade mentalities: On the one hand, the Mandevillian view of the Mont Pelerin Society, which considers "private vices as public virtues" and man as virtual human cattle, subject to slavery and servitude. On the other hand, the liberal democratoides attached to "Project Democracy," the Inter-American Dialogue, and allies of the U.S. State Department, which Jorge Castañeda, Aguilar Zinser, and Mariclaire Acosta have faithfully served for the past two decades.

The pairing of these two evil mentalities was efficiently described in the official documents of the United States government during the 1920s, as a "Nazi-Communist Alliance."

Slavery Today

The economic model, dubbed "outward growth" by the economists, established by then-President Carlos Salinas de Gortari with the signing of the North American Free Trade Agreement (NAFTA), and expanded by Zedillo, will be carried to its extreme by Fox. The basic scheme involves granting national territory for the installation of "manufacturing plantations," which will exploit semi-enslaved labor power to produce cheap exports for a U.S. consumer market considered infinite.

However, as the Dec. 3 *New York Times* pointed out, this consumption capacity, based on a huge debt bubble, is reaching "the end of the line," and cannot be stretched any further. The collapse of consumption "arrived sooner and harder" than expected, driven by the decline in stock values



Mexican President Vicente Fox (left), and well-known “leftist,” Jorge Castañeda, appointed as Mexico’s Secretary of Foreign Relations, who is a second-generation British agent of influence.

and the increases in the cost of energy and interest rates. Americans can no longer afford the luxury of being “the consumers of last resort” for cheap Third World products. In other words, the Salinas-Zedillo-Fox model has also reached “the end of the line.”

Nevertheless, blinded by ideology, Fox and his assistant managers will try to carry out what the “board of directors” of Mexico, Inc. is demanding: more austerity in public programs, a bigger tax bite of the nation’s exhausted resources, the allocation of oil income to pay debts (primarily, those of the banks’ bailout fund, Fobaproa), privatization of the energy sector, extension of the *maquiladora* assembly-line system to southern Mexico, and pulling in more cheap manpower.

To enforce these brutal policies, the “headhunters” hired by Fox (even the designation of his assistant managers was privatized) have appointed Francisco Gil Díaz, another of Friedman’s “Chicago Boys” known for his heartless tax policies, as Mexico’s Finance Minister. Fox himself announced on Dec. 3 that he would push a tax reform “with teeth,” saying that “you can’t say, ‘no more taxes,’ and ‘no more contributions from everyone,’” i.e., he’s going to collect taxes.

The Labor Ministry was given to Carlos Abascal Caranza, former president of the Businessman’s Confederation of the Mexican Republic (Coparmex), a federation of bosses and a bastion of the Mont Pelerin Society in Mexico. Abascal’s job will be to get still more cheap labor. Pemex has been handed over to Raúl Muñoz Leos, general director of the DuPont Mexico company for the past 12 years, and national vice president of Coparmex. This is like naming a pirate as captain of the ship.

To complete the carving up of the social security system, Santiago Levy was named general director of the Mexican Social Security Institute (IMSS). As Finance Ministry under-

secretary for expenditures in the Zedillo government, Santiago Levy redesigned the subsidy plans for the population, slashing or eliminating subsidies for the poor, on the pretext of providing more subsidies for the starving. In other words, taking from the poor to give to the impoverished. By this means, the Integral Family Development System (DIF) reduced budget allocations from 2.066 billion pesos in 1995, to 930 million pesos in 2000. Of 33 DIF centers, the country was left with one; of 704 doctors, 392 remained; nurses were reduced from 403 to 228; and of the 83 mobile medical units existing in 1995, none remain today.

The same has happened with programs for the poor involving distribution of milk, corn tortillas, pensions, scholarships, and so on.

Fox Drapes a Serpent Around His Own Neck

The first action of the Fox government was to order the withdrawal of control posts that the Mexican Army maintained in the state of Chiapas, and to send the troops back to their barracks. He also announced that on Dec. 5, he would send to the Mexican Congress an “indigenist rights” bill that would give the so-called indigenous communities in Mexico free rein to create “indigenous” republicettes, designed in Paris by the “action anthropologists” who godfathered the narco-terrorist Shining Path in Peru.

Immediately, the Zapatista National Liberation Army’s (EZLN) “Commander Marcos” responded by setting down various conditions for renewing peace talks with the government: accept the San Andrés Larrainzar agreements, which imply automatic approval of the indigenist rights bill; withdraw the Army from Chiapas; and free Zapatista prisoners from jail. “Marcos” also announced that in February, he would appear in Mexico City, accompanied by 23 Zapatista

“commanders,” to convince the Congress to approve the indigenous rights bill. Toward this end, the Zapatista commander called for a great political mobilization by “support committees” both inside Mexico and internationally, by social organizations, political forces of all stripes, and by the population in general.

Thus, Fox has given the field over to the EZLN, which now will become a serpent that will entangle itself in all the country’s political processes and institutions.

Paving Stones on the Road to Hell

All of Fox’s grandiloquent plans, however, do not take into account the fact that the empire of globalization and free trade, “modernization” and “democratization,” is crumbling, and that the financial system is going under.

As LaRouche pointed out in a radio interview in the state of Sonora, Mexico on Nov. 25:

“I worry about present governments, including recently elected ones, because the world has been going in the wrong direction for a long time. But I also smile, because anyone

who thinks that what he *thinks* will happen now, will happen, is fooling himself. As the present world financial collapse hits with greater force, the most stubborn will of governments will bend, or will be forced to bend, to the reality of the world situation.

“So what governments think they are going to do, and what they will be doing two months from now, are far different things. When they brag about what they’re going to do, particularly when they are depending on a World Bank and IMF [International Monetary Fund] which are about to be *bankrupted*, I tell those governments to go back into the backrooms, discuss the matter, and prepare to change their policies. So, what most governments think they are going to do in the next six months, they will not be doing. They will be doing something very different. There is no fixed policy that will work. Every policy will be crushed, as by an earthquake that is going to hit now.

“This will be a time for ingenuity, to invent entirely new policies opposite to many of those which people are dedicated to at this time. If the bamboo does not bend, it will break.”

A Postive Role For Terrorism?

What, you ask, is Mexican President Vicente Fox, a “conservative” firmly committed to the neo-liberal economic policies of the “Chicago Boys,” doing by appointing the well-known “leftist,” Jorge Castañeda, as his Secretary of Foreign Relations?

Look again. Castañeda is not the simple leftist even his adversaries make him out to be. We are dealing here with a second-generation British agent of influence. His father, Jorge Castañeda, Sr., who, in the late 1970s, also served as Mexico’s Secretary of Foreign Relations, is one of Mexico’s most prominent advocates of globalism, an expert in international law, who worked closely with the International Law Association, whose Canadian head, Maj. Louis M. Bloomfield, co-founded the infamous British intelligence front, Permindex, through which the assassination of U.S. President John F. Kennedy, and many an attempted assassination of France’s Charles de Gaulle were run.

The younger Castañeda also has good connections to the Anglo-American establishment, teaching for many years at Princeton University and the University of California at Berkeley, and co-authoring a study of U.S.-Mexican relations with Jimmy Carter’s Ibero-American man, Robert Pastor, today an adviser to Al Gore.

When Castañeda published, in 1993, a proposed strategy for how the left in Ibero-America could make a come-

back after the fall of the Berlin Wall, an English edition of this strategy, *Utopia Disarmed: The Latin American Left After the Cold War*, was published by Alfred A. Knopf, and it was the Wall Street/London establishment’s own Inter-American Dialogue which hosted a Washington, D.C. reception to promote it upon its release.

In *Utopia Disarmed*, Castañeda provides insight into the strategy unifying the seemingly disparate “left” and “right” ideologies joined in the Fox government.

Ibero-America is reaching the limit of where it can find resources with which to pay its debts, under current models, he wrote. States will soon run out of natural resources or utilities to sell; once the “fire sales” are over, where will the funds come from to meet debt payments? Castañeda argues, straightforwardly, that terrorism, however, distasteful, is all that remains to force the institutions and populations of the continent to submit to the next round of looting:

“But lesser evils can function only in reference to greater ones; they require a clear and present danger to be credible. Thus, the condition for the renewed viability of reforms in Latin America—of any persuasion, but mainly in consonance with the social-democratic paradigm—lies inevitably in the threat of something worse. Since it cannot be revolution as such—the way Cuba was for nearly 20 years—it must be different, yet terrifying nonetheless. This is the syndrome of *Sendero Luminoso* [Peru’s narco-terrorist Shining Path]. . . . Without the fear inspired by the prospect of losing everything, the wealthy and middle class will prefer to lose nothing.”

My Strategy for the Americas

by Lyndon H. LaRouche, Jr.

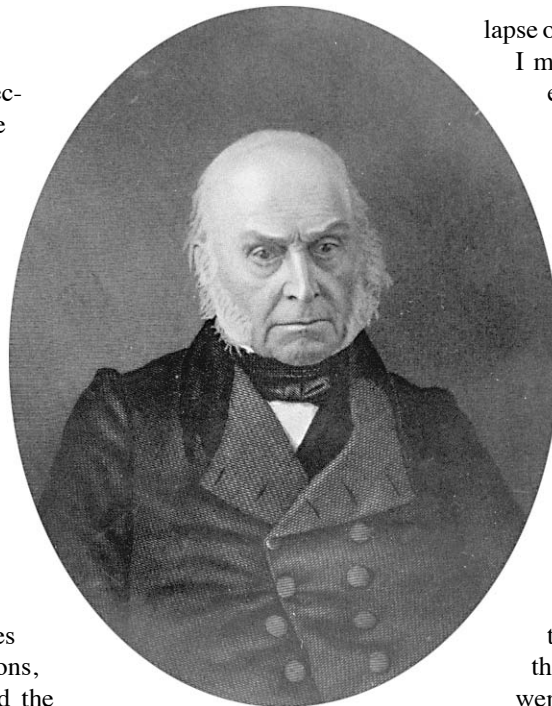
November 30, 2000

The combination of the current election crisis inside the U.S.A., with the immediately ongoing onrush of the greatest, global financial collapse in all history, has created a situation within the Americas which can be fairly described in the following words.

I know, from my highly placed informants in the governments, and in other relevant positions throughout the hemisphere, that we are gripped presently by a situation, in which none of the present governments of the Americas, the United States included, has the slightest conception of the realities which will face their respective nations, six months from now. Indeed, had the leading circles of the U.S. not been stubbornly ignorant in such matters, the Presidential candidacies of neither Gov. George W. Bush nor Vice President Al Gore would have existed on Nov. 7th.

In this situation, a certain unique responsibility has fallen to me. This obligation includes debt to old friends, such as the late former President Frondizi of Argentina, among many other old friends who are presently either deceased or still living, with whom I have shared a common concern in these and related matters over a period of decades. Recent circumstances, including the general discredit of my factional adversaries within the U.S. Democratic Party, and the spectacular vindication of my often rejected warnings respecting the world's current financial and economic situation, have put into my hands a special kind of authority, within my own U.S.A., and internationally. With that added authority, there is a certain accompanying responsibility. It is their implied will that I speak now of certain matters in a certain way.

As the only public figure to be seen in any part of the world, who has accurately forecast publicly, and repeatedly, the exact nature of the currently onrushing, planet-wide col-



President John Quincy Adams

lapse of the existing world monetary system, I must use the relatively unique knowledge and related political qualifications typified by that accomplishment, to set before all of the nations of the Americas a perspective which corresponds to the presently erupting realities of the situation now confronting each and all among them, my own crisis-torn U.S.A. included.

On this matter, I have already set forth my designs for specifically economic and related measures, in published locations which had been rather widely circulated among leading circles around the world today, if not the popular mass media. Therefore, to this, my intended present audience, it were sufficient that I limit myself to focus upon certain extremely urgent strategic points which were not likely to be presented from other sources.

I begin by viewing the present world situation from the standpoint of the legacy and also those deeper historical roots of the U.S. Monroe Doctrine of 1823, which are of urgent relevance for the presently escalating crisis in the relations among the nations of the Americas.

1.0 The Legacy of the Monroe Doctrine

Granted, all educated political figures of this hemisphere, are familiar with what has been a troubled continuity in the policy of all patriots of the U.S.A. toward the other nations of the Americas, since then Secretary of State John Quincy Adams designed the famous 1823 policy adopted by President James Monroe, the so-called Monroe Doctrine.

Nonetheless, unfortunately, some well-meaning but igno-



The late Argentine President Arturo Frondizi (left), March 29, 1992, at the entrance to the prison where he was incarcerated, after being overthrown in a military coup exactly 30 years before.

rant, and also other myth-makers from among the ideologues of Central and South America have polluted the environment of this discussion, by professing themselves to see a malicious intent within the Monroe Doctrine. Those myths have contributed significantly to the advantage of Ibero-America's lusty adversaries. The truth must be emphasized, to clear the air. Without that clearing of the air of such myths, no solution for the current plight of the states of Central and South America were likely. What must be urgently reaffirmed among us is fairly summed up as follows.

It is known to those figures throughout the Americas, that the Monroe Doctrine was adopted in defiance of the leading European enemies of both the U.S.A. and of all of the emerging young republics of Central and South America. These enemies were, chiefly, both the British monarchy and the Habsburg-denominated forces of the so-called Holy Alliance. Those enemies, in those same or other disguises, are the only significant enemies of the states of Central and South America, both within and outside our republics, and inside the U.S.A. itself, still today.

There are some parts of that legacy of the Monroe Doctrine, which should have been more or less widely known, and which must be restated now, as indispensable for defining the basis for relations among the nations of the hemisphere today. I emphasize these points and their connection to the present situation.

The most important of the currently relevant, crucial points made by Adams, were two. First, the notion that a community of principle was the proper basis for all relations among the U.S.A. and all of the emerging republics of the Americas. Second, that although the U.S. refused to degrade itself to the role of a "cock boat in the wake of a British man of war," in Britain's neo-colonialist depredations against the emerging republics of the Americas, the U.S.A. did not have the power, at that time, to challenge Britain's predatory practices directly with military force. However, as soon as the U.S. had such power, there should be an enforced end to the role of both Habsburg-denominated and British imperial ambitions in the affairs of all parts of the Americas.

The United States' violation of its own fundamental principle and treaty-law, as that principle is expressed by the Monroe Doctrine, in supporting the British monarchy in the Malvinas War of 1982, is the watershed from which the presently ongoing, recent ruin of both the U.S.A. and the nations to its south, has been brought about.

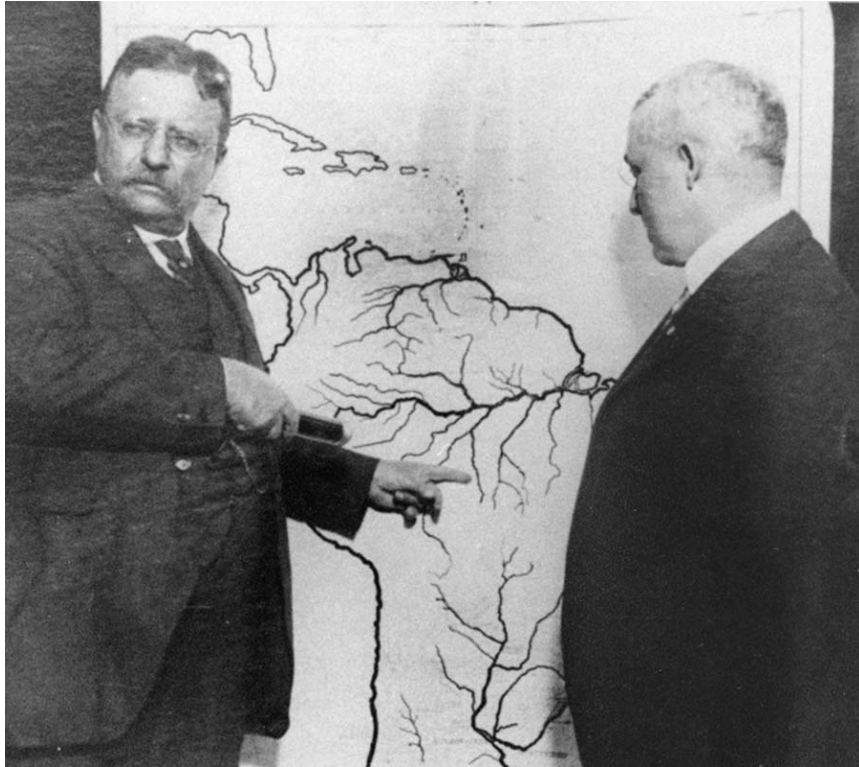
I address leading points concerning the second of those two points, and, after that, turn to the first.

1.1 The War Between Patriots and Treason Inside the U.S.A.

Admittedly, the treasonous faction, of combined Wall Street and slaveholder interests in the U.S.A. itself, such as the leadership of the U.S. Democratic Party of Presidents Jackson, van Buren, Polk, Pierce, and Buchanan, had followed a policy contrary to the Monroe Doctrine. That Party was the leading adversary of a contrary, patriotic tradition maintained by the circles of John Quincy Adams, Henry Clay, the Careys, and Abraham Lincoln, through and beyond 1848, continuing from Lincoln's Presidency until the election of Wall Street Democrat Grover Cleveland as President.

Unfortunately, even after Lincoln's great, hard-fought victory over the British monarchy's puppet, the Confederacy, those Democratic and Republican parties' factions representing the same alliance of Wall Street and slaveholder traditions, as typified, in more recent times, by Presidents Cleveland, Wilson, Coolidge, Nixon, Carter, and Bush, have represented a return to the same implicitly treasonous policies as the leadership of the Democratic Party of the period prior to Lincoln's victory. With the exception of the Presidencies of Presidents Franklin Roosevelt and John F. Kennedy, the treasonous faction's policies had prevailed since that 1901 assassination of President William McKinley which brought the British Fabian Society-linked Theodore Roosevelt into the Presidency.

During the Twentieth Century, the resumption of the policies of Adams, Monroe, and Lincoln, characterized the famous "Good Neighbor Policy" and the solemn treaty-agreements established under a great patriot of the U.S.A., President Franklin Roosevelt. Franklin Roosevelt's policy was revived, once again, if briefly, by President John F. Ken-



President Theodore Roosevelt (left), plotting against Ibero-America. After the assassination of President Kennedy in 1963, the racist legacy of Roosevelt took over once again in American foreign policymaking.

nedy's "Alliance for Progress."

Any competent diplomatic or other assessment of U.S. foreign policy today, must be premised on understanding the following turn back to pro-racist and neo-liberal policies in the U.S. today.

Unfortunately, in the aftermath of the successful assassination of President Kennedy, the revival of the racist legacy of Presidents Cleveland, Theodore Roosevelt, and Ku Klux Klan enthusiast Woodrow Wilson, took over once again. This latter turn began with the 1966 launching of former Vice President Richard Nixon's partnership with the Ku Klux Klan and kindred types, the 1966 launching of the Nixon "Southern Strategy." The assumption of the Presidency by Jimmy Carter, expressed the process of takeover over the Democratic Party's dominant machinery, by forces of the same ideological composition, and with the same orientation as the Nixon Southern Strategy.

Since the establishment of the "Southern Strategy's" top-down, Tweedledee-Tweedledum control over the machines of both leading parties, with the 1982 installation of Project Democracy and U.S. violation of the Rio and other treaties in the case of the Malvinas War, the policies of the U.S.A. toward the other states of the Americas has returned fully to the tradition of such British agents and U.S. traitors as that uncle and political mentor of Theodore Roosevelt, Captain James

Bulloch, the notorious Caribbean filibusterer who became the head of the Confederate intelligence service based in London.

Especially since 1989, U.S. policy toward the Americas has become worse than even the earlier overt treason to the hemisphere by Theodore Roosevelt and Woodrow Wilson.

The current policy is based on the Nazi-like, Malthusian population doctrines, such as the notorious U.S. NSSM-200, which had been set forth in 1974 by then Secretary of State Henry A. Kissinger, or the pro-drug-legalization policies, copied from Lord Palmerston's China policy, which are gutting the nations of Ibero-America today. That is already bad, but it is far worse.

With the collapse of Soviet power which ricocheted from the 1989 collapse of the East German Honecker regime, the Anglo-American forces, represented at that time by British Prime Minister Margaret Thatcher, France's President François Mitterrand, and U.S. President George Bush, reduced other members of the NATO alliance rapidly to the lowest rank of satrapy status, as

was done with Mrs. Thatcher's "Desert Storm" war against Iraq. These former NATO allies were dumped into the status of virtual colonial subjects of an English-speaking, global tyranny. Nazi-like Malthusian policies consistent with those of Kissinger's NSSM-200, and of the British monarchy's Prince Philip and Prince Charles, are currently the hegemonic policies of today's collapsing, English-speaking world empire.

Thus, a pro-Malthusian, virtual world-dictatorship, was established by the relevant English-speaking powers, with the U.S. operating as the designated chief military policeman, the British monarchy's perennial "dumb giant," the rule which Mrs. Thatcher applied to her lackey, U.S. President George Bush. This was done under the virtual merger of the state authorities of the U.S.A. with the British monarchy's personal state properties, the United Kingdom, Canada, Australia, and New Zealand. The result has been the establishment, under the Romantic slogan of "globalization," of a virtual new, worldwide Roman Empire, one based on the virtual merger of the relevant, sundry state and supranational bureaucracies with a global rentier-financier oligarchical interest.

Now, slightly more than ten years since the Thatcher-Mitterrand-Bush actions setting up that new empire, that empire is now in the process of disintegrating. The Presidential election-crisis which erupted inside the U.S.A. on Nov. 7,



Henry Kissinger at the State Department in 1983. His Anglophile and Malthusian policies are still gutting the nations of Ibero-America today.

2000, can not be competently understood except in those terms of reference.

Like all doomed empires of the past, this one tends to be most savage, most ruthless, and most dangerous for the short term, at the moment it is dying, when its ruling circles become increasingly desperate, increasingly incompetent, and increasingly decadent. It is in these circumstances that we have reached the point, that, of all of the nations of Central and South America, at this moment of global crisis, only Brazil still retains a significant, if dwindling amount of its sovereign authority in its own territory.

Such are today's relevant highlights of the past, often ugly, even murderous policies of the U.S.A.'s Wall Street-led factions toward the states of Central and South America.

For Ibero-America, a collapse of that power would come as a blessing, if that were the extent of the damage. However, for the U.S.A. and its people, too, a crash of that imperial power would be no calamity, provided that were the extent of the damage. On the good side, it would be the opportunity for us to resume our ancient sovereignty and freedom, liberated from the beast which a usurping, tyrannical alliance between a now hopelessly bankrupt Wall Street and its racist Southern Strategy confederates, has put upon our backs, as also upon yours. In such a circumstance, it would be our patriots' more or less automatic impulse to return to the principles exemplified by the Monroe Doctrine. Only a profound crisis could

bring about such a change, but that would be only typical of the way great changes, for better or for worse, have usually occurred.

That would provide us the opportunity to make the necessary changes, but the changes we must make must be the proper choice.

Taking into account all of the many, and vast uncertainties which the presently ongoing world-wide, and presently inevitable financial collapse brings upon the world, one thing is absolutely certain: Nearly everything is about to change in the most sweeping way. What remains undecided, is whether the changes will be for the better, or very much for the worse. The only important question, is whether this present crisis is the beginning of a global renaissance of civilization, or the onset of a planet-wide new dark age to last for a generation or more to come.

Any contrary view of the present situation, in any part of the Americas, is a delusion.

1.2 Five Centuries in the Americas

Throughout Central and South America, many silly things have been often said about the great Yankee republic to the north. Now, we have reached the point, that all such silly myths must be pushed to one side, because, under the world economic conditions determined by the present global financial collapse, unless we can bring the U.S.A. to play the kind of role which John Quincy Adams defined in his drafting of the Monroe Doctrine, there is no realistic hope for any among the states of the Americas during the decades immediately ahead.

There is a certain specific uniqueness in the coming into being of the U.S.A. during 1776-1789. The U.S. is an historical exception, but not of the kind President Theodore Roosevelt's myth-makers claimed it to be. The key to the actual historical exception, the great benefit to all humanity, in the creation of the U.S. republic, is specifically the following.

Following the terrible New Dark Age of Europe's Fourteenth Century, a great Renaissance erupted in Fifteenth-Century Europe, a Golden Renaissance based upon the Christian adoption of the legacy of Classical Greece and the work of Plato, a renaissance typified by the work and influence of the greatest single figure of that century, the Cardinal Nicholas of Cusa who had played a crucial organizing role in bringing into being the great ecumenical Council of Florence, and whose work founded the modern sovereign nation-state and established the principles of experimental physical science from which modern scientific and technological progress received its impetus.

Among the great causes to which that great Cardinal contributed a key role, was the establishment of new nations in the Americas. Through the work of Cusa and his close associates, great voyages of evangelization were launched, to the purpose of reaching across the great oceans to the peoples in lands beyond. The work of Christopher Columbus was directly a product of the encouragement, and technical assis-

tance from the immediate circles of Cusa, and of the collaborators and other supporters of Cusa's efforts in Italy, Portugal, and Spain. From this seed, sent out from Italy's Fifteenth-Century Renaissance, the Americas acquired the premises for what John Quincy Adams defined as the community of principle underlying the 1823 Monroe Doctrine.

No competent statesman today will deny, ignore, or belittle the fact, that the modern sovereign nation-state republic first came into existence, brought forth by the circles of Cusa, during that Fifteenth Century, and that this form of state was a revolutionary change in all existing world history up to that time. When the leaders of that renaissance were prevented from establishing such a republic in Italy, they established the first modern nation-state in Louis XI's France, and the second in Henry VII's England. Spain's Queen Isabella I contributed a special role in spreading this revolution into the Americas. It was in that century, thus, that a new principle of statecraft was established in the world, the notion that, under natural law, no government has legitimate authority to rule except as it is efficiently committed to promote what is known by names such as the general welfare, or common good, for all of the people and their posterity.

The idea that the world must be governed by a community of sovereign nation-state republics based on that principle, had been set forth in Nicholas of Cusa's *Concordantia Catholica*. The principle of scientific progress was introduced to Europe during the period of the great Florence Council, by Cusa's *De Docta Ignorantia*, the work on which the subsequent development of all valid modern science has been premised. The combination of these two policies, of the sovereign nation-state republic based on a commitment to promotion of the general welfare through the indispensable means of scientific and technological progress, has been the essence of every success in service of the common good, in the development of morally acceptable forms of nation-states among the nations of the Americas, from Columbus' discovery, to the present day.

From the beginning, this great revolution in statecraft and public morality had powerful adversaries, within Europe, and, soon, within the Americas. These adversaries were none other than the tools of that old feudal order which had plunged Europe into the terrible New Dark Age of the Fourteenth Century: the combination of the forces of a feudalism based upon the heritage of pagan Roman law and the quality of rentier-financier oligarchy typified by a Venice which had risen to the status of a hegemonic form of imperial maritime power during the early Thirteenth Century.

These latter forces, the enemies of the Renaissance, sought to crush the benefits of the Fifteenth-Century Renaissance by the most hideous of weapons, the orchestration of the recurring religious warfare concocted and directed by Venice, from the early years of the Sixteenth Century, until the 1648 Treaty of Westphalia.

Under these circumstances of the Sixteenth through Eighteenth Centuries, the possibility of maintaining forms of na-

tion-states such as those seen for a time in Louis XI's France and Henry VII's England, virtually vanished from Europe, until the brief period of leadership of France by Cardinal Mazarin and his associate Jean-Baptiste Colbert.

Under the conditions thus prevailing in Europe, the immediate hope for building truly sovereign nation-state republics, lay in the colonies in the Americas. Despite the blessed impulses of Emperor Joseph II, for reason of the combined overreach of British and Habsburg power into the Americas, it was only in the English-speaking colonies of North America that the establishment of a republic became possible during the course of the Eighteenth Century, despite notable, frustrated efforts to do so elsewhere. From the middle of the Eighteenth Century, until the British Foreign Office-directed Paris event of July 14, 1789, all of the leading intellectual forces of continental Europe were rallied either in support, or significant sympathy for the cause of Benjamin Franklin's efforts to bring such a republic into being.

That trace, from the Fifteenth-Century Renaissance and its great ecumenical Council of Florence, is, in essentials, the true nature of the historical exception which can and must be attributed to the U.S. 1776-1783 War of Independence, the Benjamin Franklin-directed Declaration of Independence, and to the Preamble of the U.S. 1789 Constitution.

Then the Jacobin Terror of 1789-1794, which had been directed, from the beginning, by Jeremy Bentham's British Foreign Office, had stripped the young U.S. republic of its chief powerful ally, France: a France fallen prey to that first modern fascist, Napoleon Bonaparte, who had become the new tyrannical Caesar of continental Europe, was our mortal enemy. In that circumstance, for a time, the U.S.A. was condemned to that terrible state of combined menace and isolation from friends, against which U.S. President George Washington had warned, as the reason to avoid entanglements in the internal affairs of a Europe in such a condition, at that time.

So, the U.S.A. found itself in the period following the Congress of Vienna, a period in which the forces of Metternich's Holy Alliance and Bentham's British monarchy were determined, in common, to conquer and ruin the emerging nations of both North and South America. It was in this period, that forces led by President James Monroe, Speaker of the U.S. House of Representatives Henry Clay, Mathew Carey, and others, formulated that new strategic outlook for all of the Americas which was expressed in what is known as the Monroe Doctrine.

Since that time, all intelligent and informed patriots of the U.S.A. have regarded the unity of interest among the republics of the Americas as the first line of security for each of those republics.

Respecting the politics of the U.S.A. over the period since, the chief source of deviation from the long-range strategic principle set forth in the 1823 Monroe Doctrine, has been the recurring ascent to leading power within the U.S. by two packs of treasonous rascals, the unholy combination of the Wall Street rentier-oligarchical interest represented by British



The Southern Strategy in 1969: President Richard Nixon receives Texas Congressman George Bush at the White House.

Foreign Office asset Aaron Burr of the Bank of Manhattan, and the slaveholder interest represented by the Confederacy created in the U.S. by the Mazzini Young America association of Jeremy Bentham's successor, Lord Palmerston. That was the interest against which President Lincoln led the greatest war in U.S.A. history, the Civil War, the treasonous interest represented by U.S. Presidents Grover Cleveland, Theodore Roosevelt, Woodrow Wilson, Calvin Coolidge, and, since the launching of the racist alliance called the "Southern Strategy," by Richard Nixon, Jimmy Carter, and George Bush. That latter alliance of Wall Street and racist currents, is the interest represented, however poorly, by candidates George W. Bush and Al Gore today.

These are the forces from within the U.S.A. against which all patriots of the republics of Central and South America should be warned today; this is the anaconda whose loving embrace is to be avoided by those who prefer to remain among the living.

As it should be evident to all knowledgeable figures of the Americas today, a strong partnership between the patriots of the U.S.A. and the republics of Central and South America, is the first line of defense of the national security of each. Without the role of the U.S.A. as a partner of the kind prescribed by the Monroe Doctrine, the security of each and every other nation of the Americas would remain in doubt at any time a strategically perilous state of affairs existed in the world at large. The experience of the recent two hundred years has demonstrated this, repeatedly, to be the case, up to the present moment.

What I have thus just summarized as that lesson from history, must be the bedrock of U.S. foreign policy and related practice, and must be so understood by the patriots of every other nation of the Americas. As for the rest of the world, if we in the Americas adopt policies by which we do good on one another's behalf, the world at large has nothing to fear from us.

Thus, the birth of the sovereign U.S. republic in the Americas, was hailed by all of the greatest poets and others of Europe as the establishment of a new state which would function as "a temple of liberty and beacon of hope for all mankind." Those of us who know the actual history of the recent five centuries of today's globally extended modern European civilization, know that this achievement was the fruit of a great revolution in statecraft, and in the condition of mankind, which was begun within Italy as the great Fifteenth-Century Golden Renaissance. This was not an achievement which sprang from the soil

or other internal circumstances of the North American continent; it was a gift bestowed upon, and entrusted to the thus-imperilled U.S.A., by all that was good in the full extent of European civilization.

2. The Defense of the Americas

A great issue was resolved in principle by the Golden Renaissance and its promotion of the modern sovereign form of nation-state republic. With the establishment of France under Louis XI as the first modern nation-state, a form of society was set into motion on the principle of the general welfare. The first duty of such a state, as Louis XI pursued that goal, was to end the kind of political system in which the majority of the subject population were degraded to the status of virtual human cattle. Notably, this policy is directly opposite to the evil, pro-feudalist doctrine of the later Enlightenment's notorious Dr. François Quesnay and other Physiocrats, which proposed to perpetuate forever the status of serfs as that of inhuman cattle.

Thus, from the beginning, the adversarial relationship which existed between the U.S. republic, on the one side, and the British monarchy and, excepting Austria's Joseph II and his like, the Habsburg interests, on the other, was an irreconcilable difference of principle respecting the distinction between human beings and cattle. Although Christ's mission, like that of such notable Apostles as John and Paul, redeemed all persons as made equally in the image of the Creator of the



The Southern Strategy in 1990: President George Bush receives former President Jimmy Carter at the White House.

universe, that Christian principle was systemically violated in practice by the pagan Roman and Byzantine law, such as the law of the Emperor Diocletian. This same violation was the essence of a medieval European tradition of feudalism premised upon the legacy of Romantic custom.

The feudal and other oligarchical interests of Europe professed themselves Christian, but, in the practice of statecraft, they were chiefly all, like Bernard Mandeville, Adam Smith, and their present-day followers, theologically bogomils at heart.

It was only through the impact of the organizing around the Council of Florence, that a revolutionary new form of society came into being, one in which no government had the legitimate authority to rule, except as it efficiently served the principle of the general welfare.

From the beginning, even prior to the Fifteenth-Century Renaissance, the enemy of mankind has been what was known to ancient times as “the oligarchical principle.” Under that principle, the power to establish law was conferred on either an emperor, as typified by the pagan Roman doctrine of Pontifex Maximus, or some agency performing that same function. Even kings were mere agents of such a supreme imperial or kindred lawgiver. Such was the prevalent understanding of law under feudalism, and has been the basis for similar perversions under systems of financier-oligarchical rule, up to the present day.

This point of law is crucial for understanding the conflict which has dominated globally extended modern European society from the beginning. The pivotal issue is the matter of the definitions of the nature of the human individual and of mankind, under law. That is, therefore, the fundamental issue in defining law itself.

The primary question of all statecraft, is: What is the nature of the human individual? In other words, is man simply a talking species of beast, or does the human individual possess an inborn quality which sets him or her absolutely apart from, and above all beasts? The axiomatic quality of answer given to that most fundamental of all questions of law and statecraft, is the only legitimate basis for what is called natural law, the law to which all other law must be subordinated.

That is the fundamental moral issue which separates all Christians, for example, from Malthusians such as Vice President Al Gore and former Secretary of State Henry A. Kissinger. Without making that distinction, law itself is degraded intrinsically to that condition of Hobbesian swinishness which Kissinger praised so effusively in his celebrated London Chatham House address on what the well-informed patriots of Central and South America will recall as having been the notable occasion of May 10, 1982.

That is the fundamental moral issue expressed by the present-day U.S. violations of the natural human rights of the nations and persons of Central and South America. This con-

ception is essential to defining functionally durable and equitable partnership among the American republics. That notion of law is the only truly efficient definition of a workable definition of common strategic interest.

On this and related premises, we must adopt a clear image of the uniqueness of the legacy of anti-Malthusian, or natural law, which we have inherited as a gift from the Fifteenth-Century Renaissance birth of modern European civilization. This image must be the axiomatic premise of a durable form of urgently needed new alliance among the republics of the Americas.

2.1 A Needed Doctrine of Natural Law

Our task at this perilous moment, is not to negotiate a new treaty-agreement among states of the Americas, but the more modest, but nonetheless indispensable task, of defining among ourselves the nature of those principles of law which we intend should be the goal and clearly understood intent of those kinds of agreements we hope to bring into being.

By intent of law, I mean close attention to the Apostle Paul's *I Corinthians* 13, for example, where the Christian appreciation of Plato's doctrine of *agapē* is stated. This is to be read against the background of the debate over the issues of truthfulness and justice among the figures Socrates, Glaucon, and Thrasymachus, in what is recognized more widely today by the title of Plato's *Republic*. This notion of law, as set forth by Paul, goes much further, much deeper than the rather vulgarized definitions of "*caritas*," or "charity," too commonly encountered today. In first approximation, *agapē* requires the notion that no law can be enforced which violates the absolute obligation of the state to promote the general welfare (common good) of all of the people and their posterity. No law which might compel the state to violate, or overlook that consideration, is enforceable under natural law; any contrary law must be nullified for that occasion, by authority of the natural law. This is the great principle of Christian principle from which the Fifteenth-Century founding of the then-revolutionary new kind of institution, the modern sovereign nation-state, was premised.

First of all, we statesmen and others of the Americas, must clarify our agreement on the implications of this principle of natural law. For that purpose, I merely summarize here the exposition which I have supplied in extant published locations.

The notion that man and woman are each made equally in the image of the Creator of the universe, is often taught as received doctrine. It is also a scientific fact. The scientific proof is centered in the repeated demonstration, that the perfectly sovereign cognitive powers of the human individual, are the only means by which an experimentally validatable universal physical principle can be discovered, or the act of its discovery replicated in the mind of a student. It is through this means, and only this means, that the human species can accomplish what no other species can replicate, the willful increase of the potential relative population-density of the

human species as a whole.

When mankind acts in that way, we demonstrate that the universe is so pre-designed, that it is predisposed to obey man's will when man issues a validated discovery of universal physical principle as a demand upon that universe. Thus we know, with scientific certainty, that man is made in the image of the Creator of the universe, and is supplied, thus, the imperative to act accordingly, to change the universe in ways which the principle of *agapē* requires.

On account of such evidence, we are obliged, even by scientific evidence as such, to set all individual persons absolutely apart from and above all other living species. This also obliges us to treat our fellow human-beings in a certain way, in a manner cohering with the notion of *agapē* as a universal, highest principle of natural law. This informs us that there exists but one human race, that which shares this absolute, inborn distinction of the newborn human individual from all other living species. This informs us that we are required to provide for such persons by forms of education, and other care, suitable to this nature. We are also required to express that creative power which defines our species as the leading quality of our actions upon the universe, and actions bearing upon the human condition, most emphatically.

This pits the natural law not only against the Adolf Hitlers of the world, but also the followers of the dogma of Malthus, Bertrand Russell, the late Margaret Mead, Norbert Wiener, John von Neumann, and Vice President Gore.

The principle is elementary, but not simple. It is elementary in the same general sense that all valid discoveries of universal physical principle are both elementary and universal. It is a principle which penetrates everything, everywhere, yet it is never simple.

Thus, on account of that principle of natural law, the state is obliged to act, and states are rightly obliged to act with respect to one another.

We of the Americas, share a vast and richly endowed territory, with vast areas awaiting development according to the principle of law known as *agapē*. Together with such regions as the desert areas of the continent of Australia, and the vast sparsely populated regions of central and north Asia, we of this hemisphere share one of the great treasure-houses of all humanity. Thus, that development of that treasure which some among us might lack the means to develop adequately, must be made available in a timely way to the nation within whose sovereignty it lies. In this category of cooperation among sovereigns, lie certain great infrastructure-development projects, which can not be installed except through cooperation of various kinds.

The planet as a whole faces certain needs which could not be satisfied by each acting as one nation alone. The combat against epidemic and pandemic deadly infections, is such a case. Also, the development of exploration of nearby space, to discover the principles by means of which we might control the cycles of glaciation, meteoric destruction, and so on, of life on this planet, are missions of common interest to all

humanity, beyond any one nation, which nations must cooperate in ensuring are accomplished. Similarly, the right to share access to all scientific and related knowledge, is, as Cardinal Nicholas of Cusa emphasized, a natural-law right and obligation of each nation.

2.2 The Sovereign Nation-State

Anyone who has been surprised, by stepping with a bare foot on a jellyfish on the beach, might be reminded of the emotion evoked by meeting with what one had assumed to be a sane and urbane member of modern civilization, who suddenly turns our stomach with the proposal that the elimination of the sovereign nation-state is a desirable goal for policy-shaping today. The sand on that beach had seemed so pleasant to the touch, until that thing expressed its presence!

We have come to a time, throughout the world, at which virtually every central banking system of the world, including the U.S. Federal Reserve System, is not merely bankrupt, but hopelessly so. There is no possible way, in which the world's currently outstanding nominal debt, could possibly ever be paid. Hundreds of trillions of U.S. dollar-equivalents, must be abruptly written off, or placed in frozen, non-interest-bearing accounts, pending future disposition in bankruptcy-proceedings. The problem is, that if we do not write off, or freeze most of the outstanding financial-capital claims extant in the world today, the world as a whole will collapse into a protracted new dark age, in which it were likely that economic breakdown and related effects would bring the world's total population down to levels approximately those of more than 600 years ago.

The only action which could prevent the present global financial collapse from producing that outcome, is certain qualities of action which can be taken only by perfectly sovereign individual nation-states. These actions include, the power of the sovereign government to put bankrupt institutions through government-directed bankruptcy reorganization, and to generate large masses of newly created credit, deployed through national banking methods of a Hamiltonian type, to suddenly increase levels of useful employment, rather than allow a collapse of employment and of essential services.

The principal emergency action which we must therefore hope that the sovereign governments of the hemisphere will adopt, at the moment the now inevitable, early collapse, the biggest in history, erupts, is just that. This kind of emergency action must occur not only within nations, but in rapidly expanding hard-commodity trade among nations, with special emphasis upon lines of trade within the hemisphere.

The first line of defense on this account, will include emergency forms of protectionist measures to reverse recent downward trends in food production, and vast expansion of investment in the basic economic infrastructure, such as transportation, power, water management, sanitation, education, and health-care, on which a general economic growth, in real terms, depends.

During the coming year, and during the coming five to ten

years beyond that, without emergency, forced-draft economic reconstruction and expansion along such lines, many nations would not survive, even biologically. Without international cooperation among sovereign governments, along such lines, the otherwise manageable economic crisis immediately before us will not be overcome.

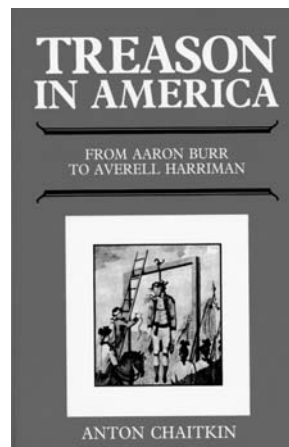
The practical measures implicit in those immediately preceding observations, constitute the pivots on which needed immediate changes in the relations among the states of the Americas must be premised, as matters of priorities.

Such are among the leading measures which ought to be the current basis for dialogue among relevant leading circles within and among nations of the hemisphere. The agenda for dialogue so implied, should be the concrete topic around which we hasten to define the practical side of the approach to making the Monroe Doctrine's definition of a community of principle clear, concrete, and practical.

To make feasible the accomplishment of the other things we must settle in common among the sovereign nations of this hemisphere, is the development of the kinds of philosophical cooperation among statesmen and others, through which we may generate the needed degree of comprehension of deeper principles which is essential, in turn, for establishing a common intent for pursuit of common purposes, and the ecumenical resolution of what might appear to be difficult philosophical differences.

Treason in America

From Aaron Burr To Averell Harriman



By Anton Chaitkin

A lynch mob of the 'New Confederacy' is rampaging through the U.S. Congress. Its roots are in the Old Confederacy—the enemies of Abraham Lincoln and the American Republic. Learn the true history of this nation to prepare yourself for the battles ahead.

\$20 softcover

Order NOW from:

Ben Franklin Booksellers

P.O. Box 1707, Leesburg VA 20177

Phone: (800) 453-4108 (toll free) Fax: (703) 777-8287

Shipping and handling \$4.00 for first book; \$1.00 each additional book. Call or write for our free mail-order catalogue.

U.S. Ambassador Admits Colombia's FARC Is a Drug Cartel

by Valerie Rush

During a late-November tour of a drug eradication program in northern Colombia, newly appointed U.S. Ambassador Anne Patterson publicly admitted what everyone in Colombia has known for years, but which the U.S. State Department has to date assiduously denied: that the Revolutionary Armed Forces of Colombia, or FARC, is functioning as a full-fledged drug cartel.

Said Patterson, "The FARC and the paramilitaries are operating in Colombia like big cartels, just as existed previously in this country. They have control over the entire export process, as well as the routes for transporting the drug abroad." Patterson went on, however, to reaffirm Washington's full support for a negotiated "peace" between the Pastrana government in Colombia, and the narco-terrorist FARC!

Patterson's admission followed stunning revelations by the Mexican prosecutor's office, that an extensive drugs-for-guns relationship between the FARC and Mexico's infamous Tijuana Cartel had been uncovered. Asked to comment on those revelations at a briefing on Nov. 29, U.S. State Department spokesman Richard Boucher said, "Evidence shows FARC guerrillas supply cocaine to the [Tijuana] Cartel in exchange for cash and possibly weapons. This development is another illustration of the FARC's deep involvement in narcotics trafficking." But Boucher then called on the FARC to "demonstrate its non-involvement in narcotics-trafficking by severing all ties with the narcotics industry" and by undertaking voluntary eradication efforts in the areas under its control—amounting to about half the country.

How is it that the U.S. State Department is finally willing to admit that the FARC are drug-traffickers, yet in the same breath, still endorse "peace talks" which will hand the remaining 50% of the country over to these unrepentant narco-terrorists? Is it possible that it believes its own lies, that the FARC have only been running drugs to finance its insurgency, and that they will somehow turn into anti-drug fighters, once handed power through a negotiated agreement?

In late November, Clinton's drug policy adviser, Gen. Barry McCaffrey (ret.), followed up a two-day visit to Colombia by stating: "I haven't the slightest hesitation in affirming that the main cocaine-producing organization in the

world is the FARC." And on Dec. 5, McCaffrey told the press that FARC guerrillas had been positively identified in drug-trafficking operations on the high seas. Although he stopped short of calling the FARC a drug cartel, McCaffrey said unequivocally: "They are not fighting for an ideology, but for drugs."

If It Quacks Like a Duck . . .

In June 1996, the Colombian Armed Forces published a book entitled *The FARC Cartel*, a well-documented exposé of the FARC's conversion from terrorist brigands into a large-scale drug-trafficking organization. That book carries a brief preface, written by then-Armed Forces Commander Gen. Harold Bedoya, who warns of "the specter of a hallucinatory criminal organization that is murdering our future." Last year, Bedoya visited Washington to warn yet again of the State Department's dangerous folly of dealing with the FARC cartel.

Bedoya is not the only one trying to awaken Washington. In a July 1999 article in *EIR*, Ibero-America editor Dennis Small had challenged official Washington to abandon its support for President Andrés Pastrana's "peace policy," and warned: "As U.S. labor leader Walter Reuther used to say, 'If it looks like a duck, walks like a duck, and quacks like a duck, then it just may be a duck.' So, too, it can be said that the FARC and National Liberation Army (ELN) guerrillas are *drug-runners*. Not 'freedom fighters' with whom to discuss, but *drug-runners*. In fact, they are Colombia's 'Third Cartel.'"

These warnings notwithstanding, Madeleine Albright's State Department seems determined to continue swimming in the same pond with this "duck." Its latest folly has been to encourage the Pastrana government to extend permission for FARC control over the so-called "demilitarized zone" (DMZ) beyond its Dec. 7 expiration date, despite the FARC's abandonment of any pretense at "peace negotiations," which was the government's ostensible reason for creating the zone in the first place. Had the government mandate for the DMZ not been renewed, the nation's Armed Forces would have been obligated by law to reestablish sovereign control over territory which has been turned by the FARC into a combination



A Nov. 15 demonstration in support of Gen. Jaime Humberto Canal, who resigned after President Pastrana stopped a successful anti-terrorist operation led by General Canal. The banner reads, "One President gave up the Panama Canal; this President got rid of Canal 'the General.' "

terrorist-training and -recruitment camp, coca plantation and cocaine trafficking depot, and concentration camp for kidnap victims and political hostages. What happens when the two-month extension ends, is anybody's guess.

No to 'Peace at Any Price'

Inside Colombia, leading circles are growing increasingly agitated over the failure of Pastrana's so-called "peace policy," and the evaporation of what little support that policy once had within the population. On Nov. 30, Colombia's leading newspaper, *El Tiempo*, ran a clearly distressed editorial, warning Pastrana that time may be running out on his "peace at any price" strategy: "The revelations of the Mexican Attorney General have major implications, because they expose — as never before — the double standard or cynicism of the guerrilla, which has always indignantly denied links to the drug trade. The fact is that many people resisted believing that the FARC was so deeply involved in this business, choosing instead to believe that the benefits they derived from the drug trade merely came through a tax they collected on the drug traffickers.

"But the developments in Mexico place the FARC in the middle of a plan of large-scale direct cocaine exporting. That is to say, as drug traffickers. It is difficult not to remember the incredulity [sic] with which then-Armed Forces Commander Gen. Harold Bedoya's accusations, that the FARC was 'the third cocaine cartel,' were met." *El Tiempo* concluded that if the Mexican revelations are "fully proven, then this confirmation of the FARC as 'narco-guerrillas' will enormously

disturb the legal principles behind negotiations between the state and the insurgency."

El Tiempo's editorial is less a response to the Mexican revelations or Ambassador Patterson's comments, than to the Colombian population's increasingly vocal opposition to the government's ill-fated appeasement approach toward the narco-terrorists. And that opposition is finally beginning to turn into an organized resistance.

In early November, the Pastrana government negotiated a rotten deal with the ELN narco-terrorists who had kidnapped scores of innocent civilians several months earlier in the area of Cali, Colombia's third-largest city. The region's Third Army Brigade, under the command of Gen. Jaime Ernesto Canal, had spent the intervening months developing the intelligence, discovering, and encircling the terrorists and their hostages.

For 46 days, the Pastrana government denied General Canal permission to close in. After several of the ELN's hostages died, and a popular uproar ensued, the government demobilized the Third Brigade long enough to allow the ELN to walk free in exchange for handing over the surviving hostages. General Canal immediately resigned, charging that the government's weakness had "turned military victory into a political defeat," and that the ELN had been outrageously portrayed as humanitarian, rather than as the narco-terrorists they are.

The response to Canal's irrevocable resignation was unprecedented, with 10,000 citizens of Cali spontaneously pouring into the city's streets to chant, "Don't Go!," "Canal Has Awakened a Kidnapped Cali," and "Thank You, Soldiers of

Colombia.” Petitions have been circulated throughout the city and beyond, demanding that the Army be given free rein to rescue victims of future kidnappings.

A Nov. 8 editorial in *El Tiempo* observed that, given the government’s proven inability to protect Colombians, “the citizenry is looking to the Army to give it leadership and give it back some hope.” The editorial concluded with a warning to the country’s elites: “It is time to call a halt [to the peace process], and to pay attention to the expression of a people who feel abandoned.”

The most recent “expression of a people who feel abandoned,” occurred at the national meeting of Fedegan, the country’s influential Cattle Ranchers’ Federation, in November. Fedegan President Jorge Visbal insisted that thousands of ranchers have been extorted, kidnapped, and assassinated by the FARC-ELN in the past year and a half, and demanded that a “state of internal commotion” be declared, which would allow Army-supervised civilian militias to be trained and armed for self-defense. A similar call for emergency legislation to give the nation better self-defense weapons against kidnapping and terrorism, was recently issued by Armed Forces Commander Gen. Fernando Tapias.

Also addressing the Fedegan meeting was former Antioquia Governor Alvaro Uribe Vélez, who denounced the government’s appeasement policy toward the FARC. With two years of Pastrana’s government still to go, Uribe Vélez has launched his Presidential bid in hopes of pulling all those discontented with the current government, into his camp. However, Uribe Vélez’s advocacy of bringing United Nations “peacekeeping forces” into Colombia, is certain to trigger resistance among the country’s nationalist forces, both inside and outside the military. Specifically, Uribe Vélez will be contending with General Bedoya (ret.), whose political movement, Fuerza Colombia, is already gearing up for Bedoya’s second Presidential bid.

Pastrana’s decision to capitulate once again to both FARC blackmail and U.S. and UN pressure, is not likely to improve his popularity rating, already at an all-time low. In fact, recent polls indicate that a whopping 88% of the Colombian population view the DMZ/negotiation policy as a dismal failure.

There is also widespread resistance to government efforts to create a second “demilitarized zone” in northern Colombia, this time to be granted to the ELN narco-terrorists as a supposed inducement for them to sit down at the negotiating table. Castro’s Cuba has played a major role in mediating talks between the government and the ELN, a role inexplicably endorsed by such Washington policymakers as Bernard Aronson, who is New York Council on Foreign Affairs co-chair and former Assistant Secretary of State for Inter-American Affairs under George Bush. In a presentation to the National Press Club in Washington on Nov. 29, Aronson praised Cuban involvement with the drug-running ELN, and added, “You know, if you are too discriminating about whom you deal with, then you will never get anywhere.”

Establishment Pans ‘Insane’ Blair Policies

by Mark Burdman

Throughout the year, we have been documenting how the physical-economic infrastructure of Great Britain, and the political fortunes of British Prime Minister Tony Blair, have been crumbling in tandem. As year-end nears, both the economic-breakdown and political crises have been accelerating. In these circumstances, serious fissures are erupting in the British policy establishment. Individuals who formerly have expressed “Blairite/Third Way” and “Thatcherite” views favoring an unfettered “free market,” are now having second thoughts, as the very basis for their survival is threatened. Exemplary of this, are three recent signal pieces, over Nov. 29-Dec. 2.

‘Nobody Is Talking about the Third Way’

The first, was an interview in the Nov. 29 edition of the German daily *Süddeutsche Zeitung* with Lord Ralf Dahrendorf. Of German origin, Dahrendorf is now a member of the House of Lords. He was formerly director of the London School of Economics, and has been a senior academic at Oxford University. Presently, he is one of the most listened-to “social thinkers” in Great Britain, with considerable influence in his native Germany.

Over the past three decades, Dahrendorf has gained notoriety, for promoting any number of schemes with a corporatist/“fascism with a human face” tinge. But in his *Süddeutsche Zeitung* interview, he denounced Blair’s much-touted, proto-fascist “Third Way” as a disaster, and pleaded with Germany’s Schröder government, which has in the past stressed its affinity with “Third Way” policies, to take no further steps in a “Blairite” direction.

Dahrendorf told the newspaper, that things have become so calamitous under Blair, that “in Great Britain today, nobody is talking about the Third Way any more, not even the government.” He revealed that, even in Britain, a shift in emphasis is occurring. Public sector budget cuts, the trademarks of the former Third Way policy, are no longer publicly defended. Because every flu epidemic is overburdening the hospitals, because somewhat extended rain periods are putting the roads under water, and because the state of the rail tracks has become dangerous, “the Britons are beginning to realize again, that public tasks cannot be allowed to be left by themselves.”

The fact that the state of the public British infrastructure has become even worse in the first three and a half years of

Blair's reign than it had become under the successive governments of Margaret Thatcher (1979-92) and John Major (1992-97) shows clearly, that the Third Way is *not* a viable model for Germany, he warned. He added that the situation with the London Underground (subway system), which the Blair government is trying to "semi-privatize," is the next disaster coming up: "The government has spent three years with its idea of a so-called public-private partnership, with the result, that nothing has been invested, during this time."

'The General Welfare'

The next day, Nov. 30, the London *Times* published a remarkable commentary by Anatole Kaletsky, who usually pushes a deranged "free market" line. In this piece, Kaletsky charged that Blair is undermining the "general welfare" of the British population, with his rail "privatization" and "denationalization" policies, and with his government's continued insistence on limiting public investment.

The concept of "general welfare" is promoted in the Preamble to the U.S. Constitution, and was a fundamental issue in the 18th-Century American Revolution against Great Britain; it is rarely promoted by British Establishment figures.

Kaletsky began his article by quoting Sir Alastair Morton, head of the British government's Shadow Strategic Rail Authority, who said, during the last week of November, that "our system has a cancer in its innards," and that the rail industry is "suffering a nervous breakdown." Morton charged that leading British rail officials are now spending all their time in "arse-covering," rather than even attempting to improve the battered national rail system.

This is all a function, Kaletsky wrote, of the policy of the successive Thatcher, Major, and Blair governments, to reduce the public sector as a whole, and to force through privatization. The guidelines were set down by the British Treasury during the 1970s. Their rules were "extremely effective in preventing investment in railways and other forms of public transport."

He excoriated Blair, for continuing what he called the "madcap scheme" of the previous Major government, which created a chaotic interrelationship among management, ownership, and operation of the rails, "with drifting lines of authority." In fact, he charged, the Blair government is "even more culpable" than the Thatcher-Major Conservatives, since, rather than reversing the situation, they have made matters worse. Their plan for "semi-privatization" of the London Underground system is "the worst of all possible worlds," and is "insane."

Kaletsky affirmed that the root problem, is that management of the rails is in the hands of Railtrack, "a private company with no responsibility for the general welfare." He insisted that the only solution is to "increase public investment, not squeeze it."

Then, on Dec. 2, the *Times* published an editorial, warning that the collapse of the British rail system could destroy the

entire British economy. The editorial was entitled, "Gross Mismanagement," with the subtitle, "Rail chaos is damaging the economy as well as the public."

The editorial stated: "What the [Blair] government has so far not acknowledged, is the enormous damage the dissolution of the railways is doing to Britain's economy. It is not just the businessmen who cannot get to meetings, or the companies that cannot get their components: It is the paralysis of Britain's heavy transport arteries at a time when no alternative is available. The roads are already clogged, the motorways often impassable, the domestic airlines underdeveloped, and the canals of negligible importance. More and more, potential inward investors cite Britain's poor transport as a reason for looking elsewhere in Europe. Unless the railways can swiftly prove themselves more reliable, millions of tons of freight will be decanted on to the roads, the Post Office will abandon mail trains, Britain's cities will be clogged with car commuters, and the cost to the environment will be incalculable."

What should be kept in mind, about the two cited items in the *Times*, is that the paper is owned by the billionaire Australian wheeler-and-dealer Rupert Murdoch, previously a hard-core supporter of Thatcher. Were it not for the support, surprising at the time, that Murdoch and his *Times* and *Sun* newspapers threw behind Labour leader Blair in the 1997 British general election, Blair would not have won, or at least not so massively. So Murdoch has largely himself to blame, that Britain is such an economic-political calamity now.

No Choice but To Die at Home

On Dec. 5, a well-connected Scottish influential gave *EIR* a direct sense of what it is like to live in Britain these days. He exclaimed: "Nothing works in this country, not the railways, not the buses. As the winter comes around, the option for people who get sick will be to die in their homes, since not only will the local hospital be too overcrowded to take them in, but there won't be the transport to get them where they have to go."

He went on: "Tony Blair gave out the message yesterday, in a speech to health professionals: 'This winter, very few of us will get the care we deserve.' It's becoming totally ridiculous! This government should stop talking, and finally get something done. They had been constantly warned, that their privatization schemes would be a disaster, but they went ahead anyway. They have played financial poker with the railways."

He described the current status of the rails with biting sarcasm: "I have to admit, there has been investment in one area, which is visible. There are more beautiful stations. So now we have great stations, but no trains! It's really wonderful: you can just wait for hours, have a nice cup of coffee, visit some stores, but never get where you want." Meanwhile, the heads of the privatized Railtrack rail-management organization drive around the country in chauffeured cars, avoiding risking their lives by travelling by rail, he reported.

Poland on the Brink of Crisis: Hopes and Anxieties for the Future

by Frank Hahn

Precisely at the time when the Polish people are busy licking their wounds after their October Presidential elections, a brief, humorous interlude was provided by the electoral debacle in the United States. A small delegation of the German Schiller Institute visited neighboring Poland at the end of November, and found not-so-secret *Schadenfreude* (gloating), presented in a typically Polish humorous way, about the fact, that the entire world can now observe the real state of affairs in the world's biggest alleged democracy. Sometimes diplomats, economists, or politicians nowadays even say bluntly: "Just last June, Mrs. Albright was here in Warsaw to lecture the entire world on democracy. Fortunately, she was stopped by French Foreign Minister Védrine!"

The general hearty laughter about the fact that a country which presumably is totally computerized, is not capable of counting a few votes correctly, could nowhere be missed.

At the same time, however, the immense strategic implications of the U.S. political crisis only became clear in the course of several seminars and discussions, which the representatives of the Schiller Institute had with Members of Parliament, as well as economic professors and students in Warsaw and Krakow. Of particular interest in this respect was a small seminar with members of the federal parliament, the Sejm, on Nov. 29, which was addressed by Hartmut Cramer and Frank Hahn. Despite important deliberations and voting going on simultaneously in the General Assembly, ten parliamentarians of different political parties came to discuss for almost three hours, the worldwide economic crisis and its solution.

They listened with keen attention to the following analysis of the strategic situation:

1. The election debacle in the U.S.A. reflects the deeper underlying loss of power of the Anglo-American financial oligarchy.

2. This is directly connected to the outbreak of a severe economic crisis in the United States itself, where the stock market crash of the "new economy," the record-high trade deficit, as well as the internal indebtedness of the United States, are only the most visible cornerstones of the disastrous situation.

3. Precisely these economic facts, which U.S. economist and statesman Lyndon LaRouche has emphasized for many years, have now confirmed Dr. Chalmers Johnson, a well-

known U.S. Asian affairs analyst, in his view that the American empire is about to collapse, in the same way that the Soviet empire did in 1989 (see his interview in *EIR*, Dec. 8). This thesis, published in many interviews as well as in Johnson's book *Blowback: The Costs and Consequences of American Empire*, points to the enormous opportunity that now exists, to use the present vacuum of leadership in Washington, to take measures to solve the global crisis—measures which, up to now, had been considered completely unthinkable.

4. This is exactly the meaning of the success of the Nov. 24-25 "ASEAN-Plus-3" meeting in Singapore, where the ten members of the Association of Southeast Asian Nations, plus China, Japan, and South Korea, de facto founded an Asian Monetary Fund, as an alternative to the bankrupt International Monetary Fund, with the explicit aim, to protect themselves against speculative attacks on their currencies, and to use the newly built regional stability to invest in large-scale, long-term infrastructure projects.

5. Also in Europe, there are constructive beginnings in this direction, as is visible, for instance, in Italy, where there is an official initiative before the Italian Senate, sponsored by 25 Senators, to convoke an international New Bretton Woods conference, as LaRouche has proposed.

6. Since there is a direct connection between this Italian initiative and the Vatican's Jubilee 2000, Catholic Poland should no longer hesitate to follow this example.

During the discussion, which centered around the present U.S. situation, the Polish parliamentarians especially wanted to know, how the American trade unions would react to this situation, and what role LaRouche and his faction in the Democratic Party can now play in American politics. In his concluding remarks, Cramer underlined: "The United States right now is at the beginning of a revolutionary process. Whoever becomes President, *has* to act in the framework of the global financial crisis, which is now in its end phase; the situation is totally open. Gore is in big trouble, since he has tried everything to ruin the traditional Democratic Party. As a consequence, LaRouche's influence in that party is now increasing, and especially trade union layers and 'minorities' are tilting toward him. This is a huge opportunity for change, because LaRouche could now play a catalytic role, to orient the U.S.A. toward a policy in the spirit of President Franklin D. Roose-

velt. That would mean, that the United States could build up a true partnership for economic development with Europe, Africa, Asia, and Ibero-America, as FDR intended to do, before he died in April 1945.”

The parliamentarians considered this view as a “very constructive” one, and thanked the guests for the seminar, because “we not only have become more wise, but also morally strengthened.” The resolution of the Italian Senate for a New Bretton Woods was already on the table, translated into Polish, and was circulating among the participants. The coming weeks will show, how far Poland will go in the direction of a New Bretton Woods. It should also be noted, that at a public meeting in Warsaw, which the Schiller Institute representatives held with some friends and former government officials, the latter decided to inject the Italian resolution into the political debate in Poland, in a targeted way.

Palpable Fear

At the moment, the political scene in Poland is dominated by the neo-liberal and post-communist clique, which uses blackmail and corruption, as well as the media, to get their way. Yet big cracks in the previous political consensus can be recognized.

Generally speaking, there exists in Poland fear of a coming avalanche, an economic breakdown crisis; such a fear has never been so palpable in Poland, during the past ten years since the collapse of communism. Government officials and economists, students, and the “man on the street” express the unanimous view, that the post-communist boom (which was always nothing but a “virtual” boom) will now collapse. The country has an official unemployment rate of 14.5%, which — also according to official estimates — will rise to 17.5% at the beginning of next year. Poland’s Central Bank has the highest interest rate in all of Europe, 23%, in a desperate attempt to attract foreign capital and keep it inside the country. The withdrawal of just a couple of hundred millions of dollars of foreign capital would immediately lead to a currency crisis, and therefore to a threatening bankruptcy. The high interest rates have almost completely dried out the market for private banking credits. Since the public budgets are also operating on the brink of bankruptcy, there is almost no investment activity going on; bankruptcies of enterprises are increasing, together with a climate of fear of much worse things to come.

And the Catholic Church?

It has been exactly in such times, that the Catholic Church in Poland has always played an extraordinary role of integration and guidance. Can it do so, too, today? We cannot answer that question. But, representatives of the Schiller Institute were able to get a picture of the emotional situation in the Catholic milieu, since, besides the political seminars, on Nov. 24-25, they were invited to attend a two-day conference of all Polish Catholic lay associations.

Here, two notable speeches stood out, because they



A scene in Warsaw. The Polish Catholic Church is at a crucial juncture: Will it back the Italian resolution for a New Bretton Woods, or allow the nation to sink into a new dark age?

sounded like an appeal for survival to Catholic laymen. First, the president of the European Council of Bishops, Cardinal Vlk from Prague, spoke, recalling his personal experiences under communism: that as a priest, he was forbidden to preach, and that he was therefore forced to fight for his very survival by looking for odd jobs. He recalled how bitterly he had complained about his harsh fate, until he made the decision to *live* the Gospel as a human being, and in this way to be much more efficient than if he were to merely *teach* it as a function of his position. He began to collaborate with like-minded people, Vlk said, and very soon they reached, with their message of justice, *agapē*, and atonement, growing circles of people, especially non-believers — a truly Pauline concept of the spreading of Christian values and ideas!

Father Adam Schulz, the director of the movement of the associations of all Polish Catholic laymen, also spoke. People in today’s Poland are very busy trying to somehow “make ends meet” in their daily fight for existence, he said, so they do not have time to really think through religious or philosophical ideas. “How, then, can we fulfill our task of giving an example of the power of Christian faith?” Father Schulz asked. He warned that although many people would always come up with quotes from the papal encyclicals, they nevertheless, because of weak character and hypocrisy, would simultaneously participate in corruption, bribery, and public

lies. His conclusion was that we must become “saints,” and “professional saints” at that; no abstract, esoteric figures, but “full-blooded saints,” so to speak, like Mother Teresa.

The essence of both speeches was: Stop the hypocrisy; real life demands real answers to real problems! And if the Church is not able to provide these answers, the Church is finished.

The helplessness of the Church, unfortunately, became visible during the discussion of unemployment, on the second day of the conference. It is especially in the cultural realm, that the rapid, dangerous “re-evaluation” inside Polish society is showing itself. In a private discussion, one participant related to me a recent event in the city of Katowice: The director of the biggest concert hall in this city, which is right in the middle of Poland’s industrial belt in the South, had refused to sign a contract for a rock concert with the American rock band “Marilyn Manson,” because the group quite openly practices satanic rituals. Thereupon, the liberal and post-communist media had launched a witch-hunt against him, accusing him of going back to the old times when art was censored, and saying that he was trying to create an index of forbidden works of art, and so on. Finally, he was accused of sticking to the archaic, totally outmoded Christianity! Naturally, we know about such tendencies here in the West, where truth and human dignity are neglected under the guise of “liberalism”—but in an, at least so far, thoroughly Catholic country such as Poland, this was all shocking. Clearly, the Church is being pushed onto the defensive in Poland.

Therefore, it is all the more important, that Catholic circles become interested in the strategic world picture. With this aim in mind, the Polish Catholic Social Association (PZKS) had organized a meeting, during the first evening of the conference of laymen, where the Schiller Institute’s Grégoire Mukengechay spoke on the theme “Africa: Between Debt and AIDS.” Mukengechay, who was born and raised in the Central African country of the Congo, had studied in Poland in the 1960s, and speaks Polish fluently. He gave a very vivid report on the consequences of the International Monetary Fund policy of “globalization” and neo-liberal “free trade” in Africa. He demonstrated the dramatic indebtedness and the consequent disastrous collapse of the health system, in which the AIDS epidemic has taken on threatening dimensions. Catholics from Poland and Belarus passionately debated with him about the solution to this African tragedy. It became clear once again, that “African conditions” are really not so far away from us, if we don’t change economic policy on a global scale.

With that, we come back to the beginning: Poland is at a turning point, on the road to a severe crisis, after it has slavishly fulfilled all the brutal dictates of the Anglo-American financial elite for ten years. The most clever people in the country now see a unique chance to use the present vacuum in the United States, to finally act politically in a sovereign manner.

Neo-Nazi Witch-Hunt Implodes in Germany

by Rainer Apel

A sovereign nation needs an elite that is, first of all, sovereign in its views and actions. This requires that the elite, the political establishment, deal with real problems, especially economic and social ones. But, the elite of Germany is doing almost the exact opposite. In an attempt to escape real problems, it is constructing virtual ones with which it can “deal,” and thereby deflect from the ugly reality of the economic depression.

A Hysterical Response

But neither has this approach worked well, nor have the real problems gone away, and the German establishment’s response has been hysterical. Increasingly, scapegoats are being looked for, to blame them for the troubles that have become apparent.

The one big challenge to the German elite as a whole, namely, the need to find a policy to restore economic and monetary sovereignty for Germany, as the first step toward restoring such sovereignty also for the the rest of Europe, is being circumvented. And what is being circumvented at the same time, is the urgency of replacing the disastrous Social Democratic Party (SPD)-Green coalition with a Grand Coalition of the SPD and Christian Democratic Union/Christian Socialist Union (CDU-CSU), which would have the big majority in the national legislature that is required for introducing emergency measures to restore political control of the credit system, mobilize industrial production, and create several hundred thousand jobs in a short period of time.

This is what a clear majority of citizens and voters would prefer—and this is what the spin doctors, especially among the governing Social Democrats, want to sabotage. Their response to the threat of a new Grand Coalition has been a black propaganda campaign that is portraying the opposition Christian Democrats as right-wing extremists with whom no coalition were possible in any case.

Reality has it, however, that on numerous issues, the SPD is much more right-wing, and pro-monetarist, than the CDU-CSU, which implies that the propaganda campaign is not going that well. In a desperate flight-forward, the Social Democratic spin doctors have decided to launch a witch-hunt against “right-wing-extremist violence,” apparently hoping

that the mass hysteria created by that, will smother in the cradle all efforts to debate political and economic alternatives.

What has consequently developed in Germany, with the active assistance of the mass media, is a political climate that strikingly resembles what Americans went through during the era of McCarthyism 50 years ago. Almost daily, a pretext is created to justify, and even broaden the propaganda campaign against the alleged “neo-Nazi threat.” But there are big risks involved in this approach, and the so-called “Sebnitz Affair,” which haunted Germany for about a week in late November, has illustrated that.

The Sebnitz Affair Erupts

Allegations by a mother in the city of Sebnitz, in Saxony, that her six-year-old son Joseph, who drowned in a public swimming pool in July 1997, was “drowned by neo-Nazis,” were taken up and amplified for a broad, national media campaign, led by the nation’s largest tabloid, *Bildzeitung*. On Nov. 23, *Bildzeitung* published a banner headline, “Neo-Nazis Drown Child.” The child was the son of an Iraqi father and a German mother, and the scandal-mongers leapt to the conclusion that the death was a racially motivated murder. With only a few publications remaining skeptical, the broad majority of the German media joined the campaign, adding other fantastically sounding aspects to the story, including alleged eyewitness testimony that the boy, shortly before his death, was tortured by those “neo-Nazis” with electric-shocks and “death drugs.”

The triggering issue in all of this, was “expertise” compiled by the Criminological Institute of Lower Saxony in 1999, upon the request of the mother of the drowned boy, after police investigations into the case had been closed in late 1998 because no evidence of murder had been found.

The Institute’s assessment had declared that eyewitness testimony collected from 15 individuals by the mother, incriminating three Sebnitz youths as the alleged murderers, justified reopening the case. Two of the three incriminated youths were arrested on Nov. 21. A third youth was arrested two days later.

For four days, on Nov. 23-26, the case of “Joseph” and his alleged “neo-Nazi murderers” dominated news headlines in Germany, and Chancellor and SPD chairman Gerhard Schröder himself intervened, receiving the mother of the drowned boy, a member of the SPD, at party headquarters in Berlin on Nov. 27, to “express solidarity of the SPD party chairman with an SPD member who is threatened by neo-Nazis.”

The whole charade, however, collapsed only hours later, when Saxony’s police revealed at a press conference in Dresden, that the three arrested youths had to be released because 1) none of the “eyewitnesses” had been able to identify them, in contrast to their testimony which had explicitly named them; 2) none of the three youths had any

relation to the neo-Nazi milieu; 3) at least one “eyewitness” confessed to the police that, in reality, he had not seen anything of the kind that was listed in the testimony report compiled by the drowned boy’s mother, but that he had lied.

Coming under attack by the Saxony state government for his role in the “expertise” which his criminological institute had compiled, the director of the institute, Christian Pfeiffer, retracted the report, declaring that it was not official, that he had nothing to with it, and that a member of the institute’s staff had compiled it as “a private initiative to help a crying mother.”

The Media Exposed

The affair had turned into a “Waterloo for the media,” a devastating blow against the media’s reputation, which Hans Werner Kitz, editor-in-chief of the *Süddeutsche Zeitung*, publicly acknowledged, when he confessed that, “in Sebnitz, nearly everybody—ourselves included—was caught up by hysteria, which was even more incited by institutions of the state.”

Apart from exposing the media and their role, the scandal has also dealt a big blow against the propaganda campaign as a whole, because the Sebnitz Affair has been the third major flop of the spin doctors: Neither in the shrapnel bombing incident that wounded six immigrant Jews in Düsseldorf in July, and sparked the entire propaganda campaign, nor in a minor arson incident at the Jewish Synagogue in Düsseldorf, in September, have intense police investigations produced any evidence of neo-Nazi or right-wing-extremist involvement.

The key protagonists of the propaganda campaign, notably Chancellor Schröder, who used the second Düsseldorf incident as a pretext to proclaim a nationwide “Uprising of Decent Citizens” against the alleged “threat of neo-Nazi violence,” are fairly discredited now, in the wake of the Sebnitz Affair. Decent citizens are shocked at the indecent conduct of many of their leading politicians, including the Chancellor himself.

And Worse

While all these propaganda campaigns are going on, nothing is being done against the *real* neo-Nazis, a marginal conglomerate of groups that are responsible for numerous acts of racist violence. Nothing is being done against the spread of youth violence, in general, of which the neo-Nazi phenomenon is but one aspect—and not even the most dangerous one. Video games, the access to hate propaganda on the Internet, the spread of mind-altering drugs and of hate-promoting rock and heavy metal music—against all that, nothing is being done in Germany by a government which is also shrugging its shoulders, as has been the case since early September, as hundreds of billions of German marks evaporate in the ongoing worldwide financial collapse, caused, in part, by aggressive stock market speculation.

Nigerian Workers Accuse Government of Dancing To Dictates of IMF

by Goddy Ikeh

Nigerian workers under the aegis of the Nigeria Labour Congress (NLC), a powerful union, have accused the Nigerian government of dancing to the dictates of the International Monetary Fund (IMF), and have warned that they will resist any attempt by the government to privatize the country's ailing refineries and raise the prices of petroleum products.

With the exception of the new Port Harcourt refinery, the other three refineries, in Kaduna, Warri, and Port Harcourt, have been malfunctioning, causing the government to import large consignments of petroleum products to augment locally refined products. All four refineries have installed capacity to process 445,000 barrels of petroleum products daily, while 300,000 barrels of crude oil are dedicated for local refining and consumption daily.

The union, which fought the government over the hike in the prices of petroleum products in the oil-rich West African country earlier this year, reacted at a news conference in late November to recent comments attributed to Nigerian Vice President Atiku Abubakar, while he was in Brazil, that Nigeria's refineries would be sold to interested buyers in order to allow the downstream sector of the Nigerian oil industry to operate competitively.

NLC Deputy President Lucas Damulack told a news conference in Lagos that the Congress would mobilize workers and other Nigerians against the plan to privatize the refineries, as it did last June when it called out workers for a nationwide strike that crippled the country's economy for about four days, to protest a hike in fuel prices.

Damulack, who accused the government of dancing to IMF dictates in its bid to secure a \$1 billion standby loan, said that Nigerians could not watch "economic vampires" take over the petroleum sector, which is the nerve center of the Nigerian economy. He said that the plans to privatize the refineries were the continuation of the economic deprivation of Nigerians by "a clique of the ruling elite whose main characteristics in the last 40 years of our nation's independence have been to collude and conspire with foreign interests to bleed our country white through massive and shameless looting of the people's collective wealth." Additionally, the objection of the Labour Congress to the proposed privatization of the refineries and fuel hike coincided with the disclosure by



Nigerian President Olusegun Obasanjo's privatization of oil refineries is drawing fire from organized labor.

President Olusegun Obasanjo of the government's decision to evolve a comprehensive policy to guide the establishment of private refineries.

Higher Fuel Prices

Vice President Abubakar said during his trip to Brazil that the privatization of Nigerian refineries would only succeed when the pump price of petrol had been revised upwards. Abubakar explained that if the pump price were not increased, investors would find it difficult to buy up the refineries in the country. And, justifying the proposed privatization, he said that the motive behind every business was to make profit, and that if investors would be operating the refineries at a loss, they would not be interested. He explained that the current, lower price was because of a government subsidy, and that it would be a different ball game if the facility were removed and the refineries handed over to private concerns. He also claimed that another advantage of privatizing refineries, was that it would be an end to the vandalization of pipelines in the country, which had contributed to fuel scarcity.

According to the NLC official, the determination of the government to privatize the refineries is an indication that it has already succumbed to the IMF's pressure, so that it can receive the IMF standby loan facility.

"We find this capitulation to the dictates of the IMF a betrayal of the Nigerian people. It is totally unjust and therefore unacceptable to workers and the Nigerian people," Damulack said. He added that Nigerians had waited patiently for the repairs of these refineries and the completion of the turnaround maintenance, for which millions of dollars had been committed to end the perennial scarcity of fuel in the country.

Last Hurrah for a 'Drug Lord'

Establishment doyen Dr. David Penington is still pushing illegal drugs, on his way to retirement.

Australia's premier drug legalization champion, Dr. David Penington, has escalated his war *for* drugs, with the Nov. 13 release of his final report as chairman of the Victoria state government's Drug Policy Expert Committee. Pushing harm minimization, i.e., legalization by stealth, it calls for legalizing the act of injecting illicit drugs (but not the possession of those drugs), and for an official heroin trial, in which heroin would be medically prescribed to addicts.

On Nov. 22, the Lyndon LaRouche-allied Citizens Electoral Council (CEC) Senate candidate for Victoria, Noelene Isherwood, blasted Penington. "In his latest so-called 'findings,' Penington is merely continuing what he has been doing all along—pushing drugs for the establishment," Isherwood charged.

Heroin use in Australia has exploded since harm minimization was adopted by the federal government as policy in 1986. On Nov. 22, the University of New South Wales National Drug and Alcohol Research Center reported that the number of heroin addicts in Australia has doubled over the past decade, to about 74,000, or 7 out of 1,000 adults between the ages of 15 and 54, up from 34,000 in 1984-87. The death rate from heroin overdoses has skyrocketed to more than 730 per year; in Victoria, one in four prison inmates injects drugs, four-fifths of them sharing syringes.

Since his appointment as head of the Victoria Premier's Drug Advisory Council in 1995 by then-Premier Jeff Kennett, and as chairman of the Drug Policy Expert Committee, Penington has run drug policy in the state of Vic-

toria, and has become the nation's leading agitator for drug legalization. His main campaigns over the years have been for the decriminalization of marijuana use and possession, and a national trial for legally prescribed heroin. Although a mobilization by the CEC defeated the marijuana decriminalization push in 1996, and the heroin trial was knocked on the head by the federal government two years later, the worsening drug crisis reflects Penington's successes: Only one of his latest schemes—that users who have just taken heroin or other drugs should escape police action, even if caught with syringes—has been rejected outright by the present Victoria government of Premier Steve Bracks.

Under Penington, Victoria has embarked on legalization experiments, including needle distribution centers, zones where first-time drug offenders are just "cautioned" by police, and heroin "shooting galleries" (a.k.a., "safe" injecting rooms). The latter are still in the planning stage, but these experiments have sparked fierce opposition in the Melbourne suburbs that are being used as laboratories.

In the Nov. 4 *News Weekly*, Isobel Gawler, secretary of the federal Drug Advisory Council of Australia, reported on the social carnage in the Melbourne suburb of Footscray caused by a Needle Distribution Center (NDC). Drug dealers openly trade outside the NDC to the addicts going to collect clean needles (sometimes in bulk quantities of 200, with no questions asked!); the dealers have no fear of arrest, since police are ordered to stay away from the NDC because their presence "discourages" addicts from

patronizing it. The NDC, now in its fourth year of operation, distributes needles by the tens of thousands, and its rate of distribution is rapidly growing: 38,000 last January to 4,273 "clients," and 50,000 in March to 6,754 clients, growth which the NDC reports as a "success."

Meanwhile, local crime has doubled in the past six months, and businesses have reported a 30% collapse in trade. Suburban parents denounce the NDC as a "toxic industry." According to one mother, "Drug use in Footscray has been normalized [in the eyes of children] because of the constant interaction. Eleven to 13 years is now the age of introduction to drugs. The NDC program is futile. It is a ridiculous concept to 'use safely,' because parents know that the child may die with a 'clean' needle in his/her arm." When asked her opinion as to how to reduce the problem, she stated, "Reduce the access to drugs by closing down the NDC; change drug laws to become very severe."

In releasing his committee's final report, Penington announced that he is retiring as its chairman. Even though his plan for shooting galleries had not yet materialized, he gloated that he is "satisfied" with the "changes in public opinion" on drug issues. Certainly, his backers in Australia's establishment are satisfied with him: The major banks, including the National Australia Bank, the ANZ Bank, Westpac Bank, the Commonwealth Bank, and the Reserve Bank of Australia, which fund the major private trust pushing Penington's harm minimization, the Australian Drug Foundation, have doubtless made a fortune from the extra drug money they have been able to launder—up from the \$7 billion the Australian Federal Police say they laundered in 1997—thanks to Penington's expansion of drug consumption.

A Confederate Coalition of The Damned in Washington?

by Jeffrey Steinberg

At the National Press Club in Washington on Jan. 11, 1995, following the Newt Gingrich-led Republican takeover of the House and Senate, Sen. Edward Kennedy (Mass.) warned his fellow Democrats: “Democrats must be more than warmed-over Republicans. The last thing this country needs is two Republican parties. If we fall for our opponents’ tactics, . . . we will have only ourselves to blame.”

Five years later, the Al Gore Presidential campaign has transformed the Democratic Party, at the top, into a carbon-copy of the GOP of Richard Nixon’s infamous 1968 “Southern Strategy”: a party that has abandoned the FDR coalition of minorities, trade unionists, farmers, and entrepreneurs, and, instead, pursues the votes of those in the upper 30% income brackets, and of Southern racists.

As a leading Democratic Party campaign veteran told *Washington Post* columnist Robert Novak, who reported it on Dec. 7, Gore ran “the worst Presidential campaign I have seen in my lifetime—yes, even worse than Dukakis. It’s the candidate. He’s horrible. How could he lose Tennessee? How could he lose West Virginia? I will not go through this again in four years.”

A more appropriate question would have been: How could he lose Arkansas? In the June Democratic primary election in Arkansas, Lyndon LaRouche garnered more than 53,000 votes, or 22% of the total. The Gore campaign, in cahoots with the racist cabal that has been running the Democratic National Committee (DNC) since the mid-1990s chairmanship of Donald Fowler, deprived LaRouche of his legitimately elected delegates to the nominating convention in Los Angeles—giving those delegates, instead, to Gore. This act of brazen disenfranchisement of core Democratic voters came back to haunt Gore on Election Day: He lost Arkansas, the home state of President Bill Clinton, by 50,000 votes! Had Gore won Arkansas, he would have been elected President—regardless of the outcome in Florida.

Racist to the Core

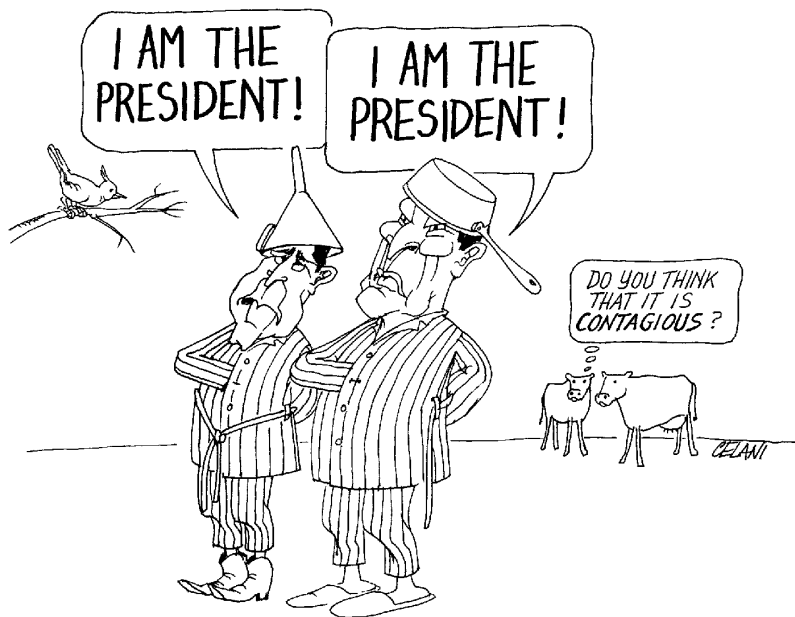
To disenfranchise the LaRouche voters in Arkansas (similar Gore/DNC “Stop LaRouche” efforts were also run in Virginia and Michigan) required the overturning of the Voting Rights Act of 1965; and it was DNC attorney John Keeney, Jr. who appeared before the U.S. Court of Appeals to argue for that rollback of one of the greatest pieces of civil rights legislation in American history.

Keeney is the son of the senior career official in the Criminal Division of the U.S. Department of Justice, John Keeney, who presided over “Operation Fruehmenschen,” the 20-year DOJ/FBI campaign that targetted elected African-American officials for judicial railroading, jailing, and financial ruin.

It was the same Keeney Department of Justice Criminal Division that figured prominently in securing the early AFL-CIO endorsement for Gore, by threatening to prosecute scores of top labor officials on a variety of corruption and organized crime charges. *EIR* cannot prove that these labor leaders were given the explicit choice of backing Gore or going to jail, but short of that, the message was clear.

Even as the back-and-forth court battles continue in Florida, evidence has continued to surface of racist actions by *both* the Bush and Gore campaigns, to assure that African-American and other minority voters were denied their legal right to vote.

On Dec. 7, Cedric Muhammad wrote on the BlackElectorate.com website, that the Gore campaign has not lifted a finger to protest the disenfranchising of thousands of black voters in Duval County, Florida and other areas, even though their votes would have secured Gore the Presidency. “Black leaders are not just disappointed in Al Gore’s missing-in-action status in Duval County,” Muhammad wrote, “but by his lack of support for Black voting rights throughout the state of Florida.” Muhammad reported that leaders of the Congressional Black Caucus say that “Gore is as much interested in



how this all looks in the court of public opinion among white Americans as he is in winning in the court.”

Purging the Voter Rolls

Even as Gore was turning his back on minority voters, evidence was surfacing that the Bush campaign had engaged in a proactive drive to disenfranchise African-Americans. On Dec. 7, *Salon* magazine reported that Florida Secretary of State Katherine Harris had hired a private firm, ChoicePoint, to purge the Florida voter rolls of undesirables. ChoicePoint targeted minority precincts. As a result, an unknown number of African-American voters were turned away from the voting booths on Nov. 7, because their names had been removed from the registration lists—illegally. ChoicePoint was so sloppy, or zealous, or both, that those knocked off the voter rolls included election supervisors and judges, in some cases.

Gore’s lack of enthusiasm for defending the rights of minority voters is but one manifestation of the revival of racism in the upper echelons of the Democratic Party, that surfaced during the DNC chairmanship of Fowler, a well-known South Carolina advocate of the “Southern Strategy.”

As early as 1966, Fowler was on record, in an article in the August issue of *University of South Carolina Governmental Review*, arguing for a Democratic strategy aimed at undermining the just-passed Voting Rights Act. “The socio-educational circumstances in which most Negroes find themselves are as great deterrents to active, effective political participation as were the legal obstacles and informal intimidations to which they have been subjected for decades,” Fowler wrote. “There is little or no evidence that Negroes vote as a bloc except when their interests as Negroes are clearly at stake. When the interests of Negroes per se are at stake, many whites feel that their interests are also at stake in opposition. Most cases which pit the two conflicting interests against each other

result in defeat for the candidate with the Negroes’ interest at heart.”

A Confederate Unity Government

With the outcome of the Presidential election still up in the air, a chorus of Wall Street Establishment voices is demanding a “national unity government,” regardless of whether Bush, Gore, or someone else becomes the next President. Given the common “Southern Strategy” embrace of Bush and Gore, such a government would, in reality, be an un-American replica of the Civil War-era alliance of Wall Street bankers, Boston Anglophiles, and Southern plantation slaveholders—an alliance that sought to destroy the Republic through secession and the imposition of European-model parliamentary rule.

The earliest post-election call for such a bipartisan unity regime came from the heart of Bush’s apparatus. On Nov. 29, the Forum for International Policy, a Washington think-tank populated by veterans of the George Bush Administration, called for the next President to select a foreign policy cabinet dominated by Establishment figures, regardless of their party affiliation. “The next President will assume office with a contested mandate. . . . The Congress will be finely divided. . . . Bipartisan support will be harder than ever to achieve.” Therefore, the President must “go out of his way to seek the best, most qualified people for the key foreign affairs posts. America does not have the luxury of having our foreign policy held hostage to partisan wrangling for the next four years.” A more blunt public official in Washington described the prospect of such a national unity alliance as “a united front of Nazis.”

In Remembrance of Henry B. Gonzalez

I met Congressman Henry B. Gonzalez personally, at some length, but once, in a meeting he arranged on Capitol Hill premises. However, I dealt with him in his official capacity numerous times before and after that meeting, until he retired from office. My respect for him was a deeply personal one, in addition to and beyond my admiration for his role as an elected official. To say that he will be missed, would beggar the powers of understatement; we shall not find one like him easily. Perhaps the simplest way I could express my sense of his distinction is: He was real, and remains so even now. We keep on losing those precious ones, and it is so hard to find their like.—Lyndon H. LaRouche, Jr.

Strong President For 'Hard Times'

All the current U.S. establishment blathering about a “weak President without a mandate, leaning on a national-unity coalition,” should send shivers down the spines of American citizens: They must realize now, what their misplaced respect for “public opinion,” for rigged, Roman-style election circuses, is about to do to them. The global financial system is in collapse. The American economy is hitting not just a hard landing, but *hard times*, of the depth of which, the vast majority of Americans are not allowing themselves to think—yet. The nation requires a President in the tradition of Franklin Delano Roosevelt, of his strength and Presidential power, and of his essential policy-outlook, based on the ideas of the “General Welfare” and the common interests of sovereign nations.

“Now we’re coming into the worst financial crisis in all modern European experience,” was the way Lyndon LaRouche began the conclusion of his crucial Nov. 14 Washington, D.C. webcast, “Now Comes the Aftermath.” LaRouche devoted the conclusion of that broadcast to a 25-year perspective for “the kind of growth which Franklin Roosevelt had *intended* to be U.S. policy,” which LaRouche called the “Partners of America” principle for recovery from the current global collapse. He ended with the leadership the United States requires now, the leadership he is uniquely ready to provide:

“If we take a long view, of the great financial mess around us, we’re going to have to put things into bankruptcy reorganization. We’re going to have to wipe out this and that; we’re going to have to manage to make sure people don’t go hungry. We’re going to have to keep firms going, communities functioning. . . . And it’s going to take us 25 years, of long-term, steady investment in infrastructure, in new industries, in improved technologies, and in trade, to build up the kind of world which we want to build. A world we bequeath to those children who will come to adulthood 25 years from now. And we as grandparents, or great-grandparents, can take satisfaction, that what we’re doing today, is for that purpose. And we can look forward into the future, and see the happy faces of those who will bless us for what we’ve done. We will live, we will survive. It’ll be tough times, but we’ll make it.”

Just when the United States and its citizens need the strongest President—in the true sense in which Abraham Lincoln as well as FDR combined the inner strength of the man with the power of the office—the Wall Street establishment and the party leaderships insist that we will have the weakest President possible. It is they who rigged the campaigns to impose two unelectable dummies of the “Southern Strategy” as the only ordained candidates. But every American—especially, every American Democrat—who allowed Al Gore to openly steal votes and convention delegates from LaRouche, to rig primaries and caucuses, is now facing the consequences of what Gore and the Democratic National Committee did to LaRouche.

Will those same Americans now allow Wall Street and its media to convince them that a weak President has to be subjugated, as a result, to the discredited Federal Reserve Chairman, Alan Greenspan, and to the Dixiecracker Congressional leadership? No such Dixiecrat-Bush League combination can face this crisis. That is where the unelectable dummies, Bush and Gore, came from. Either one in the White House, in such a crisis, invites the disaster LaRouche warned of in that same Nov. 14 webcast:

“We are in a situation which is described by the great English poet, Shelley, in his poem ‘Ozymandias.’ The United States, the world’s greatest superpower, at the apparent peak of its power, is about to collapse into the desert sand, its parts strewn upon the desert, and a sign, ‘Behold all you, the wonder of my power.’ That’s where we’re at.

“To fail to recognize this is the situation, is a form of corruption.”

As this issue is being printed, Dec. 12, LaRouche is presenting his second webcast in Washington, the second of his strategic interventions into this United States “election crisis” which he forecast as early as August, and predicted in precise detail in *EIR* three days before the election. On Jan. 3, before Inauguration Day, he will give the third of the addresses, in what he calls “an election campaign waged for the future of the human race.” He is the kind of leader the nation requires to face these hard times.

