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Walking-Dead WTO Ruining World's Agriculture Producers  
Arnie's First Acts Show His Cheney/Shultz Ownership  
Cheney, Sharon Plan New, Nuclear Mideast Wars

**LaRouche: Europe Must Help Me  
Solve U.S. 'Beast-Man' Crisis**





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## From the Associate Editor

As we go to press, the title of Lyndon H. LaRouche, Jr.'s Oct. 22 webcast, "Preparing for the Post-Cheney Era," resonates more strongly than when LaRouche came up with it a few weeks ago. At no time since LaRouche first called for Dick Cheney's impeachment, on Sept. 20, 2002, has victory been so close. From Sen. Edward Kennedy's impassioned speech to the Senate (see *Editorial*), to the outcry from moderate Republicans such as Sen. Richard Lugar (see *National*), a broad-based institutional resistance is breaking out against the Cheney doctrine of pre-emptive war, neo-colonial domination, and imperial disregard for the views and interests of this nation's friends and allies.

Everyone knows that it was LaRouche who catalyzed that resistance, when others were too confused or too timid to act effectively. So much so, that informed sources tell *EIR* that a battle is raging within the Cheney camp, over whether to launch a "frontal attack" against LaRouche.

Cheney's "beast-men" are desperately striking out, to try to maintain their political control. As we document in *International*, the crisis in the Middle East has reached a new breaking point. The Cheney-acs' lies about Iraq are exposed for all to see; yet they are driving ahead for war against Syria and Iran.

Viewing what is happening in Washington, America's traditional allies in Europe are horrified, angry, and bewildered. For this reason, LaRouche is undertaking an urgent effort to educate European policy-makers on the real United States—its strengths and weaknesses; and to get them to understand what they must do to help restore sanity in world political and economic affairs. Our *Feature* includes the leading article he contributed to a European *EIR* Special Report, *The World After the Iraq War: Analyses and Perspectives*. It also includes speeches from his recent tour of Switzerland and Italy. His words to supporters in Milan, are valid for people of good will everywhere: "We have the possibility of winning, but no guarantee. And, I'm relying upon our good Italian politicians to help the process. We must think internationally; we must cooperate; we must build a mood in the world, an optimistic mood, for positive measures to put this thing behind us."

*Susan Welsh*

# EIR Contents

## Cover This Week

*The impending threat of U.S. monetary-financial collapse, evokes the image of Samson (the U.S.A.) pulling down the pillars of the temple, causing the roof to fall in upon the Philistines (the U.S.-hating rest of the world).*



### **8 Europe and the U.S.A. Today**

By Lyndon H. LaRouche, Jr. "There is no allowable excuse for any sane government to gloat over what is happening to the U.S.A. today. The abrupt collapse of the U.S. economy by about one-half, as occurred during the prior world Depression of 1928-1933, would be a social and political, as well as economic catastrophe for, among others, China and the rest of the world in general."

### **37 LaRouche Addresses Swiss, Italian Leaders on Chance To Solve Crisis**

### **39 Greatest Achievements Come in the Face of The Greatest Dangers**

LaRouche to the Club 44 of Neuchatel, Switzerland.

### **46 The Man Behind the 'Beast-Man'**

LaRouche in Milan, Italy.

### **51 To Vicenza Businessmen: Start by Ignoring Money**

LaRouche in Vicenza, Italy.

## Economics

### **4 'Walking Dead' WTO Is Ruining World's Agriculture Producers**

The G-21 underdeveloped countries are understandably sick of being at the beck and call of the so-called industrial nations. But their demands reveal blindness to the fact that the farmers of the developed countries are victims of the very same machinations by the food cartels, as the farmers in the poorest countries. A solution? A worldwide parity price for food production.

### **6 Mexicans See Threat in Schwarzenegger Victory**

Prominent voices in Mexico are using many of the arguments that have been circulated on both sides of the border by the international LaRouche movement, to warn of the new fascist threat to Mexico that Arnold Schwarzenegger represents.

## International

### 56 'Beast-Men' Cheney, Sharon Plan New, Nuclear Mideast Wars

Lyndon LaRouche warns that the world is facing a major eruption of war in the Near East in the immediate weeks ahead, unless President Bush can be made to intervene forcefully and publicly, to curb Israel's breakaway-ally regime under Ariel Sharon.

### 57 Israel Adds Nukes to Subs

### 58 Syria, Iran Brace for U.S. or Israeli Attack

### 59 Hying the Iranian Bomb

### 60 Straussian Beast-Men Descend on Jerusalem

The First Annual Jerusalem Summit brought together hardline cabinet ministers of Ariel Sharon's government and messianic Christian Zionists and neo-conservatives from the United States.

### 62 New Peace Initiative Aims To Outflank Sharon

The draft peace treaty known as the Geneva Agreement, negotiated by Israeli and Palestinian political leaders, has no official standing; yet it could become an important counterpole to Ariel Sharon's insane policies.

### 63 Heads of the Agreement

### 64 South Korea: Target for Cheney 'Regime Change'?

Vice President Cheney and Defense Secretary Donald Rumsfeld are forcing South Korea to send troops to Iraq, turning President Roh Moo-hyun's youth base against him, in what may be a deliberate attempt to paralyze the South Korean government.

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## National

### 66 LaRouche Campaign vs. Cheney Rocks Washington, D.C.

Cheney's office is becoming *very* nervous, as more political forces seem to be saying that it is Cheney—not Bush, and not even Rumsfeld—who is behind the Iraq debacle, behind the massive economic troubles and deficit of the United States, and behind Enron-style corruption.

### 68 Arnie's First Acts Show Cheney/Shultz Ownership

### 70 'Proof of Principle': Defeating the Recall

California LaRouche Youth Movement leader Cody Jones briefed an internet radio webcast on Oct. 11 on the LYM's mobilization which turned around and defeated the Recall in Los Angeles County.

### 71 LaRouche: Dems Could Have Won California

## Departments

### 72 Editorial

Senator Kennedy Signals a Shift.

## ‘Walking Dead’ WTO Is Ruining World’s Agriculture Producers

by Rosa Tennenbaum and Marcia Merry Baker

Developing countries, taking a stand at the September World Trade Organization (WTO) conference in Cancún, Mexico, demanded protection against commodities-dumping prices, and removal of agricultural subsidies in European, U.S. and other so-called “First World” farming sectors. But the long, long-discussed worldwide parity price would be a solution which would serve all.

At the negotiations in Cancún, the industrial countries were torn out of their arrogance. In the run-up to the conference, 21 developing countries formed the G-21. First, the time-worn approach was used to try to stop them: the carrot offered in public, and the stick as a hidden threat to those who refused the carrot. In the past, that had always had the desired effect—but this time, the more the thumbscrews were tightened, the greater the resistance, until some African countries simply walked out. Since the WTO can only decide by consensus, this meant the end of negotiations.

### Group of 21 Lays Down Demands

Two days before the beginning of negotiations, the self-confident Group of 21, with great fanfare, announced their formation. They gave a press conference, presided over by the Brazilian Foreign Minister Celso Amorin, together with his colleagues from India, China, South Africa, Argentina, and Costa Rica. Amorin rejected the WTO’s working paper, and put forward his own list of demands.

The main demands of the industrial countries—primarily the U.S.A. and the European Union (EU)—have revolved around the so-called “Singapore themes” (see *EIR*, Oct. 3 for details), which propose agreements on liberalization of multilateral investment; patent protection; and privatization

of electricity, water, telecommunications, education, health, and pension funds worldwide. No wonder, that this gruesome list aroused the anger of a number of countries. The initiative was seized by the Indian Trade Minister, Arun Jaitley, who, together with China, drew 12 other countries to their side, with other states joining them during the course of the negotiations. Thus a defensive front was created, for these groups of countries represent 51% of the world’s population, and 65% of the farmers of the world.

The Brazilian Trade Minister called the press conference itself an “historic occasion,” and demanded that the WTO prove to the world that it cared anything at all about the concerns of the poor. In fact, this closing of ranks is the first time in history that the developing countries put themselves into a position of power—no longer limiting themselves to lodging complaints and making appeals, but rather standing eye to eye with the industrial countries.

The paper they presented with their list of demands drew attention to the fact that the disparities of world trade have caused them great difficulties. Even in their own domestic markets, the farmers are facing growing problems and increasing impoverishment. They want fundamental reform, the first and foremost being the total lifting of export subsidies, a reduction of the protection of agriculture in the industrial countries, and easier access to markets. Reform could only be successful if it were aimed at the development of their countries. Furthermore, they demand protection of certain of their products by import tariffs, by using a particular mechanism to defend domestic markets from cheap and subsidized imports.

Just how hot this question is, is shown by the fact that

two out of every three points concerned these matters. Each Minister present emphasized these demands. Again and again it was said that they had to protect their farmers against aggressive trade practices.

In content, the list of demands is very mixed. On the one side, the Group of 21 asked that imports be protected against dumping prices; on the other, they want to do to farmers of the industrial countries the same thing that is being done to them. The Third World countries are standing on the edge of the abyss: Every day the world market pays them less and less for their products; and at home they are being swamped with ever cheaper imports from the industrial countries.

The cotton industry was cited as an example. The United States is subsidizing cotton farmers at about \$3 billion per year, which has forced the price of world cotton down 25% in recent times, to a level where it does not cover the cost of the cultivation of cotton in India. There, the farmers are visibly getting poorer. Many of them have quit entirely, and trekked to the boundless misery of the city slums.

### **Demands Don't Mention the Food Cartels**

The behavior of the G-21 shows that the underdeveloped countries are sick of being at the beck and call of the others. They want, at last, to be heard in the concert of nations. How important this is for their domestic populations, is shown by the reception that the Indian Minister of Trade got upon his return: He was celebrated as a hero, and the breakdown of the WTO negotiations in Cancún as a great victory for India and the developing countries.

Yet the list of demands, with its generalizations, shows a dangerous failure to understand economics: Subsidies to the farmer in the industrial countries are seen across the board as the sworn enemy, with total blindness to the fact that those farmers are victims of the same destructive process—subject to the same machinations—as the farmers in the poorest countries.

The big food cartels are not mentioned by name even once. Both sides in Cancún aimed at *driving the farmer in the "other" sector into bankruptcy*. The industrial countries wanted the takedown of developing countries' protective tariffs, which would ruin the small farmers with dumping prices. The developing countries demand the total end of subsidies to the farmer in the industrial nations, which would mean the end to much of agriculture there. The power of the giant cartels, who are after all responsible for the low prices and the misery on both sides, is not touched by any of this.

The world's farmers are witnessing private political and financial monopoly control over raw materials and essential goods and services, at a time when the general financial and economic system is in breakdown. This is so in every part of the food chain—fruits and vegetables, oils, meats, seafood, cereals, legumes, dairy, and so on. So, for example, when orange juice concentrate imports arrive in the United States



*Smithfield, like the other rapidly expanding food cartels, does business under dozens of brands. They are the real "subsidized food dumpers" never named in the WTO agriculture debates at Cancún.*

from Brazil—the which have wiped out vast amounts of citrus production in Florida—the tanker does not say “From Brazil”; but rather, Cargill, or Coca Cola/Minute Maid, etc.—the U.S.-based transnational cartels. When U.S. corn is dumped on Mexico, it should not be seen as an assault “From U.S. Farmers”; the company responsible is ADM or Cargill, part of the cartel currently dominating and determining world grain production and trade.

### **The Smithfield Meat Case**

The point is illustrated by just one headline development this Fall in the global meat sector, ironically timed with the WTO's Cancún conference. On Oct. 13 came the announcement that U.S.-based Smithfield Foods, the world's largest meat processor, will acquire the pork-packing assets of the American Midwest-based, now-bankrupt Farmland Industries, once the largest American farmer-owned cooperative. Smithfield alone will then control over 27% of the total U.S. pork market.

Besides dominating slaughtering, Smithfield itself already accounts for over 20% of all U.S. hog production, by operating giant factory farms, mostly based in North Carolina. Recently, Smithfield arranged to directly import soybean livestock feed from Brazil, through a new deepwater facility on the Atlantic Coast near its Carolina hog operations. Globally, Smithfield owns subsidiaries in Canada, France, and Poland, and operates joint ventures in Brazil and Mexico. It is also among the top five beef packers in the United States.

What did John Ashcroft's Justice Department have to say about the obvious anti-trust violations of the new Smithfield/

Farmland deal? About as much as Vice President Cheney has done to curb Enron or Halliburton in the energy sphere. Early this Fall, the Justice Department's Anti-Trust Division ruled that an acquisition by Smithfield Foods, based in Virginia, of the pork-processing plants of bankrupt Farmland Industries, would be acceptable if Smithfield stayed under 30% control over the American pork market. Lo and behold: Smithfield, saying it would control *only* 27% of the pork market, then filed the winning bid in the Oct. 12 auction for Farmland's pork-processing assets, beating out Excel, the meat division of Cargill, Inc. of the international and U.S. meat cartel. Smithfield is to pay \$367 million in cash, and also assume the \$90 million obligation for Farmland Foods workers' pension plan.

Smithfield pressured Farmland to buy out its meat-processing division in 2001, before it declared bankruptcy, but was turned down. Now Smithfield has succeeded. What remains is for the Farmland sale to get the okay from the U.S. Bankruptcy Court in Kansas City, Missouri, at a hearing Oct. 28. Farmland was ranked sixth in pork processing, and with its facilities transferred to Smithfield, that will put Smithfield in a class all its own. With the completion of the Farmland deal, four companies—Smithfield, Excel/Cargill, Tyson Foods, and Swift—will control over two-thirds of the supply of all kinds of meat in America.

### Parity Pricing Is Known Solution

Is it possible that “world parity prices” could be a solution, which would take to heart the apparently contradictory interests of agriculture in both the industrial and the developing countries? The problem has to be tackled at the source: The price the farmer-producer receives everywhere is much too low.

As long ago as 1986, Lyndon LaRouche put forward a proposal to solve the world agricultural crisis. In 1974 for the first time, the U.S. Federal government had given subsidies to the big grains cartels, which gave them a free hand to underbid the prices of other exporters on the world markets. Henry Kissinger, the Secretary of State in 1974, had been the one responsible for this decision. In subsequent years, the U.S.A. and the EU had engaged in cutthroat competition, each underbidding the other for the enormous resources which the looming collapse of socialism brought within range. The grains price on the world market had sunk to *one-third of production costs*. Governments had transferred billions of tax revenues to private firms such as Cargill, Inc. and Continental Grain, which brutally reduced prices, and without any risk to themselves, took over the world grains market. The low world market prices for grains had then been used as an excuse to underpay the farmer.

LaRouche proposed to put an end to this business: Governments should once again take matters in hand. To that end, the five great agricultural exporting countries and regions—

the U.S.A., the EU, Canada, Australia, and Argentina—should come to an agreement to export no more cereals at a price under the cost of production. If they committed themselves to lift the export prices of cereals to a level that would cover costs, other problems would take care of themselves. Governments could save immense sums on export subsidies; the latent trade war between the U.S.A. and the EU would lose its edge, and the power of the grain cartels be broken. Overall subsidies could be radically lowered, and the farmer paid enough to cover costs.

When farmers plant, they need parity pricing, to guarantee that at harvest time they will get back the cost of production, and some profit on top of that. LaRouche proposed a world parity price, which would especially favor the farmers in Third World countries. Since they operate with lower costs than their colleagues in the industrial countries, a higher price would especially favor capital formation for these countries. This proposal is more pressing now than ever. The world's farmers will either survive together, or divided, they will all go under.

## Mexicans See Threat in Schwarzenegger Victory

by Valerie Rush

The U.S. neo-cons' imposition of Hollywood's “Terminator” as California's governor, has many Mexicans nervously predicting intensified looting schemes against their energy resources, an anti-immigrant backlash, and consequent dangerous deterioration of U.S.-Mexican relations. In interviews, press conferences, and media analyses, prominent voices are using many of the arguments that have been circulated on both sides of the border by activists of the international LaRouche movement, to warn of this new fascist threat to Mexico.

On Oct. 8, Zacatecas governor Ricardo Monreal called a press conference to warn that the election of Schwarzenegger, “a man of a highly xenophobic and racist character,” could lead to “persecutions” of Mexican immigrants. “We have to be very careful with this actor,” said Monreal, “because he makes us think that the *Kristallnachts* of Nazi Germany could be revived.” (This was the name given to the night-time rampage of Nazi Party thugs in 1938 against Jewish property in Germany, a foretaste of the roundup of Jews into concentration camps.) Monreal urged Mexicans and Hispanic immigrants to join forces in their own defense.

One day earlier, a conference was held in Ciudad Obregón, Sonora, announcing the release of a new book written



by *Proceso* magazine journalist Alvaro Delgado, entitled *The Yunque, the Ultraright in Power*. Invited guest Alberto Vizcarra of *EIR* spoke on the implications of Schwarzenegger's victory in the context of a resurgence of a new Synarchist International regroupment inside Mexico, self-dubbed "The Yunque" ("anvil") and allied to the Vicente Fox Administration. Vizcarra addressed an audience of 150, which included many media and political party representatives, as well as officials from local and regional government, the military, intelligence agencies, and a group of university students and professors. The political activist pointed out that these same Synarchist forces that created the Nazi phenomenon in Germany, and the fascists in Spain and Italy, have seized control of U.S. foreign policy through the ideologically fascist Cheney and Rumsfeld in the Bush Administration. Vizcarra called Schwarzenegger their puppet, much as Adolf Hitler served in that capacity in the 1930s.

The nationally-popular magazine *Siempre* devoted an editorial in its Oct. 13 issue to exposing Schwarzenegger as the tool of pirate energy interests tied to President George W. Bush, and warned against the encroachment of such interests in Mexico. *Siempre's* editorial insisted that Schwarzenegger's election cannot be understood except within the broader context of the energy "piratization" of California. Deregulation was the root cause of California's financial crisis, says the editorial, and ousted governor Gray Davis' attempt to put a ceiling on energy prices won him the undying hatred of the Bush energy clique. The "Terminator" was the instrument used by these interests to rid themselves of Davis, and similar such tools may be employed by the Bush interests to rid themselves of political opponents, as the 2004 Presidential elections draw near, suggests *Siempre*. "In sum, the electricity monopolies associated with the Bush clan are the authors of Gray Davis' overthrow. A good example for those in Mexico who seek privatization, don't you think, reader?"

An interview in *Siempre* that same day, conducted with Universidad de la Frontera Norte professor Victor Alejandro Espinosa, focused on the xenophobic side of the Schwarzenegger phenomenon. Introducing the interview, *Siempre* wrote that Schwarzenegger is "an admirer of Hitler, consumer of marijuana, prejudiced against Blacks and Latinos, and disposed to orgies." Professor Espinosa warned that Schwarzenegger will attempt to "criminalize immigration," by reviving lies that Ibero-American immigrants are dirty, steal U.S. jobs, and may even pose a terrorist threat.

### **Mobilization Inspired by LaRouche**

LaRouche movement supporters in Mexico have been organizing against the political interests behind Schwarzenegger for many weeks, and have specifically denounced President Fox's complicity with the so-called Houston Cartel (Halliburton, Schlumberger, Enron, etc.) in seeking to loot

Mexico's oil and electricity resources through privatization, just as *Siempre* magazine's editorial suggested. Since Sept. 29, thousands of leaflets have been distributed nationally, entitled "Stop the Surrender of Mexico's Energy Sector to the Nazi Pirates of Cheney and Wall Street." That leaflet identifies the desperate drive to grab liquidity, "to steal our electricity and oil," by the international financial interests represented by U.S. Vice President Dick Cheney; to seize Mexico's national energy resources, and eventually dollarize the Mexican economy.

During an Oct. 10 forum held at the Justice Palace in Monterrey, Nuevo León, on the looting attacks on the gas-rich Cuenca de Burgos reserves in northeast Mexico, LaRouche organizer and journalist Benjamin Castro joined various other national and regional political and union spokesmen in exposing the foreign and domestic interests behind the scheme. As the final speaker, Castro called for a nationwide mobilization to win back the nation's political and economic sovereignty. Handing out the leaflet, "Return of the Beast," and the pamphlet *Who Robbed California*, which have been widely distributed on both sides of the border by LaRouche organizers, Castro detailed how the Cheney financial interests attacked California and imposed Schwarzenegger to finish the looting there. This fascist scenario can be stopped in both countries, he said, by an alliance of patriotic forces like that forged in 1938 between Mexican President Lázaro Cárdenas and President Franklin Roosevelt.

Mexico's ally in the United States today is Lyndon LaRouche, Castro insisted. Allying with LaRouche, Mexican nationalists could fight for a program of exchanging oil for technology, preserving Mexican sovereignty over energy resources, and developing trade with the countries of the Eurasian Land Bridge and the United States, "but outside NAFTA, which is dead."

LaRouche's campaign against "beast-man" Arnold Schwarzenegger has been extended by his Mexican supporters to target former Mexican foreign secretary and Presidential aspirant Jorge Castañeda, whose allegiance to Cheney's policies and those of drug-pushing megaspeculator George Soros, have been well documented. On Oct. 15, the newspaper *Diario de Querétaro* entitled its article on a LaRouche Youth Movement intervention against Castañeda in that city, "Beast Man Flees University." Unhappy at having his policies challenged in broad daylight and in front of a crowd, Castañeda screamed "You shut up!" at the LaRouche Youth organizer who asked for an explanation of his drug-legalization policies; and then Castañeda promptly fled the stage.

At a second Castañeda event later that same day, the former official was so rattled by the appearance of LaRouche supporters with placards, that he blatantly lied to his audience that LaRouche represents "the Nazi ultra-right of the United States" and is anti-immigrant. One newspaper headline the next day read, "Castañeda Driven Crazy."

## Europe and The U.S.A. Today

by Lyndon H. LaRouche, Jr.

October 1, 2003

*To intervene into the increasingly strong, but thus far ineffective European reaction to the disasters of the global imperial war doctrine of Dick Cheney's Bush Administration, EIR in Europe is issuing a special report, The World After the Iraq War: Analyses and Perspectives. This is Lyndon LaRouche's leading contribution to that special report.*

Never since the 1814-1815 Congress of Vienna, have the relations between the U.S.A. and the world at large been so severely strained as now. At first, the shocking events of September 11, 2001 had provoked a swelling wave of sympathy for the U.S.A.; but the combination of President's Bush's January 2002 State of the Union address, and the rabid behavior of a U.S. delegation composed of Senators Lieberman and McCain and neo-conservative Richard Perle, at Germany's March 2002 Wehrkunde Conference, sent horrified shudders around the world. Since those events, the perception of the U.S. around the world has turned, increasingly for the worse. Presently, since the outbreak of the open U.S. warfare against Iraq, the world-wide view of the U.S.A. under President George W. Bush, Jr. from nations around the world, is, with a few remarkable exceptions, the worst in U.S. history.

As a result of those kinds of U.S. developments since Bush's January 2002 address, the growing fear and hatred of President Bush's U.S.A. is expressed as a reaction against the often mistaken, wishful, cowardly, sometimes maliciously gleeful delusion concerning the Bush government, that the U.S., having become an empire, is now in the process of destroying itself, and, therefore, that, soon, once the U.S. has collapsed, things would go happily better for the rest of the world. The range of those wishful anti-U.S. views, such as those conceits, is, in itself, dangerous, far-spread and spreading further, and presently growing deeper.

This trend constitutes a lurch toward wishful illusions which grows more or less in proportion to the degree that the actual danger of a global catastrophe increases. As the developments in Iraq warn us, those are the kinds of wishful dreams which are ultimately as dangerous to the believers as to their apparent



*“There is no allowable excuse for any sane government to gloat over what is happening to the U.S.A. today. . . . Any informed view of that presently impending threat of U.S. monetary-financial collapse, evokes the image of the Biblical Samson (the U.S.A.) pulling down the pillars of the temple, causing the roof to fall in upon all the Philistines (the U.S.-hating rest of the world).”*

opponents. Such beliefs by such governments, such public opinion among nations, unless changed, will tend, as in the case of the 1914-1917 war, to bring upon the heads of all of the nations and peoples of the world the very sort of holocaust which they delude themselves might be soon put behind them.

Therefore, many governments need to be reminded today, that had the weakling Czar Nicholas II not been wishfully deluded, he would have prevented that general mobilization which caused the immediate outbreak of general war, World War I, which led to the virtual certainty of the fall of the Czarist government, soon, down the line. Or, had the foolish German Kaiser not supported the more grotesquely foolish Austrian Kaiser, the war might have been avoided in that way. The British and French were determined to have the war, but unless it were conceived as an effective nutcracker of a two-front war against Germany, they might have been impelled to hold back their intentions, however grumpily, out of military prudence.

Looking back to such examples, we must recognize that the trend toward last-ditch fascist nuclear-warfare by desperate circles in the U.S. and Israel today, poses the question to all nations: What are you doing to prevent the U.S.A.'s being taken over in that way? Avoiding responsibility for preventing others from engaging in such folly, does not free one from suffering the sometimes extremely fatal consequences of such negligence.

Therefore, let the leading nations of the world, in particular, become serious, at long last, about some very serious matters which affect the future of them all. How must the behavior, of not only the U.S. government, but of many other nations, especially leading nations, be changed, if the world as a whole is to avoid the catastrophe careening in the direc-

tion of all of us now?

Today, we have a world situation, in which nearly all leading governments, including that of the U.S.A., and U.K., are wobbly, to say it as gently as truthfulness allows. These present governments are poorly suited to make decisions premised upon sound strategic estimates. In the case of the U.S., looking back to the 2000 elections, my Democratic Party rivals, then as now, such as Senator Joseph Lieberman, or former Vice-President Al Gore, are only somewhat different types than we have seen expressed in government under George W. Bush. Government under those Democratic nominees would have been as bad or worse than under Bush and Cheney, if in a slightly different way. Despite the lesson which should have now been learned, from experience of both of those Democratic and Republican candidacies of 2000, people today are, apparently, still more likely to make decisions based upon what they might wish were true, than face up to the reality which demands respect for considerations they are presently more than merely reluctant to take into account. Such is also more or less the prevalent situation within other leading political circles of leading nations around the world today. The fact that the proffered choice of U.S. Presidential tickets for 2000 was equally bad, shows us that the problem was, and remains systemic; that no competent candidate was allowed to appear on the November 2000 ballot, and the forces behind those choices of 2000 are still prepared to make choices today as bad or worse than those then. That systemic subjective feature of the situation, to the extent it persists now, is, itself, the most deadly feature of the present world crisis.

What I have described above is the widespread wishful misestimation of the effect of a U.S. internal crisis, among

many governments and others. This situation is usefully compared with many similarly wishful fallacies of composition from the past.

For example, if the U.S.A. were to continue to follow the decadent trends in economic and foreign policy of the recent decades, since the aftermath of the assassination of President John F. Kennedy, the U.S. would, indeed, destroy itself, as the present Bush Administration is doing. As a result of such fallacies of composition among most governments today, the world is confronted by the presently ongoing decline and threatened fall of a U.S. nuclear-weapons-armed power which is being driven as mad as current trends in the wicked policies of Vice-President Cheney and Attorney-General John Ashcroft imply. However, what the wishful dreamers of Eurasia fear to acknowledge, is that the fall of a U.S.A. which continued to be led by radical right-wing conservatives of the types associated with both Vice-President Cheney, and those of similar political perversions around the Democratic Party's National Committee, would take most of the rest of the world down with it in a common catastrophe of all mankind. The fall of that U.S. tree, in whose branches not only the financial, but the physical economies of the rest of the world are now entangled, would bring the forest down.

For example, since the 1971-1972 Bretton Woods monetary system was replaced by the "floating exchange-rate" mode of the IMF's present world monetary-financial system, the U.S.A., the U.K. and other formerly leading producer powers, have transformed themselves into what are presently virtually bankrupt, post-industrial pleasure-seeker societies, feeding themselves on the exploitation of the cheap labor of nations whose currencies have been driven down to ever lower relative values. That is to say that the present pleasure of the few is supplied at the price of not only the growing pain of the increasingly many, but the threatened common, ultimate doom of them all. Until recently, these predatory policies of the IMF and World Bank toward poorer nations, have thus ensured the feeding and clothing of the so-called "industrialized" nations at savagely, bureaucratically lowered world-market prices of exports supplied from, largely, the wretched toil of the world's poor, even the world's poorest. Now, that predatory system as a whole is doomed, in one way or another; either we put that self-doomed system, the present IMF system, out of its misery, or it will put all of us out of ours.

That is, whether they like it or not, the most crucial issue before all nations, especially leading nations today.

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## 1. How We Got Into This Mess

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Throughout the world, as I have said above, only self-doomed fools among governments will gloat over the way the U.S. "empire" appears to be destroying itself. To restate the case appropriately, we have the following.

The system now in the process of disintegration, is one

that has been based on increasingly savage measures of deregulation of both national and world economy generally. As a result of those so-called "free trade" policies, the world's physical economy has become a physical, as much as monetary-financial-political appendage of the Anglo-American post-industrial power, based upon the past thirty-odd years devolution of the present world monetary-financial system.

There is no allowable excuse for any sane government to gloat over what is happening to the U.S.A. today. The abrupt collapse of the U.S. economy by about one-half, as occurred during the prior world depression of 1928-1933, would be a social and political, as well as economic catastrophe for, among others, China and the rest of the world in general. Any informed view of that presently impending threat of U.S. monetary-financial collapse, evokes the image of the Biblical Samson (the U.S.A.) pulling down the pillars of the temple, causing the roof to fall in upon all the Philistines (the U.S.-hating rest of the world).

Presently, as I write these lines, Vice-President Cheney and his associates are threatened with what we might all desire; their expulsion from government by a process with notable similarities to the "Watergating" of the 1969-1974 Nixon Administration. Since the Summer of 2002, I have been, personally, an active part of that process inside the U.S.A. which has been organizing for that ouster. If the so-called neo-conservative faction were not purged from controlling positions in the present government, and also the control over the Democratic National Committee, the worst possible outcome for both the U.S.A., and, therefore, the world generally, were assured for the several years and more immediately ahead. There is no competent opinion to the contrary, but only cowards who fear the truth more than the consequences of denying it.

These conditions should remind us of a similar, but not identical situation, which was created by the aftermath of that Versailles System which was established by the predatory victor-governments of the 1914-1917 general war.

That Versailles monetary-financial system of the 1920s was a world system based upon the assumption of extracting payment of defeated Germany's war-debt to the British and French, thus providing the means for the British and French to hope to meet their otherwise unpayable debts to the U.S. bankers. For a time, despite the Germany crises of 1923, that Versailles system staggered through the 1920s, but these successive rescue efforts led fatefully, crisis by crisis, into the 1928-1933 spread of a general world depression. In the U.S.A., this process led to the fortunate election of President Franklin D. Roosevelt. In a failed Europe, it led to the worst possible outcome, the Hitler dictatorship, and the war of 1939-1945.

A similar, if not identical choice presently faces the world as a whole today. The most dangerous aspect of the present world situation is expressed by those who, like the German Social-Democrats of early February 1934, consoled them-



*The difference between the U.S. Constitutional and Hamiltonian national banking tradition, and the central-bank-dominated Anglo-Dutch Liberal parliamentary model which has been the rule in Europe, becomes crucial whenever an existential form of general monetary-financial-economic crisis erupts, as now. European political systems are swept away repeatedly in such crises with the emergence of “Beast-Men,” from the original, Napoleon Bonaparte, to Hitler (with his financier-sponsor, Hjalmar Schacht, at right of this 1931 photograph).*

selves by their own foolish bragging: “Hitler’s temporary political success is paving the political road for us.” Never gloat over the epidemic breaking out in the neighbor’s house, let alone your own.

It should become clear, that the solution for the presently worsening world crisis depends upon a new form of cooperation between the U.S.A. and Europe. I do not intend to imply that the rest of the world is not to be consulted in this; I mean that the leading representatives of European civilization’s core must reassess their own roles, in order to understand and deal competently with the matters which must then be decided by the world at large.

There are chiefly two general topics which must be considered by the nations of this planet. One, is the issue of the institution of the modern sovereign nation-state. We must defy all of the recent pro-globalization freakishness by governments; we must refresh the authority and role of that institution as if the continuation of civilization depends upon that; it does. But, in our patriotic enthusiasm for the precious institution of the sovereign state, we must also understand its role better than we have done generally so far. Second, what must be the positive forms of necessary economic cooperation among the perfectly sovereign nations of the planet?—a cooperation based not on the notions of beast-man Thomas Hobbes, or pro-slavery John Locke’s notion of property, but the great principle of the 1648 Treaty of Westphalia: *the advantage of the other*.

As I emphasize this in this report, the crucial topic on which my attention is focussed, is the necessary role of the

U.S.A. and its government, in contributing to bringing nations together, quickly, for adoption of a mutually advantageous, global solution to the combination of the present monetary-financial and military-affairs crises. My task here is to expose the reason why winning the U.S. government to play a certain role in its own and world affairs, is the virtually indispensable basis for any hope of successful approaches to both those present threats to civilization as a whole. My immediate task is to clarify the role of the relations between the U.S.A. and the nations of Europe in establishing the preconditions for establishing the new institutions which are indispensable for meeting the currently self-interested, objective requirements of all nations.

From the standpoint of my personal professional advantages in knowledge and experience, relative to a very large majority among other politically active adults, even those in leading positions of government, living around the world today, I can report with special authority, that the greatest problems a political leader of a people faces, in looking at both his nation’s present government and the general population of that nation, are chiefly two.

First, that most people, even among leading political figures, think in the small. They think of immediate, real or imagined personal advantage—“my personal interests, my family, my communit”—rather than thinking of those issues of policy which determine the fate of nations and their populations as a whole. They would repair the local street, or do some other small thing, rather than do anything so un-local as save the national economy as a whole. Sometimes, the

politician's prostitute-like adaptation to that kind of popular small-mindedness, is called "politics."

Second, similarly, but a deeper moral problem: Most adults today, even among leading circles, have no true sense of immortality. The so-called religious fundamentalists, whether nominally Protestant or Catholic, are no exception to this, but worse than most on this account: passionate screaming is not a proof of sincerity, or truth. Most Americans, for example, do worship not the Creator, but a Romanics' household gods. For this reason, they are usually incapable of understanding the long-wave processes which exert their perceptibly determining effects upon entire societies over time-spans of no less than a generation or two. They seem to say, "The ship may sink, but, in my cabin, we shall be safe."

So, out of a flight into the fox-holes of personal smallness of mind and spirit, they flee into momentary pleasure-seeking, as a diversion from the real world, a real world which is being threatened with destruction by their own lack of efficient moral concern for humanity at large. They lack true concern even for their own nation, even the generation of their parents or children. They may even wish the accelerated death of their aging parents "to save money for our generation." Such are the challenges confronting populations of Europe and the Americas today. These are challenges to today's political leaders, challenges which reflect a collapse of the general level of morality of those populations since approximately the middle of the 1960s.

By a sense of immortality, I mean this: We are each certain to die, sooner or later. Whether we live to fifty or a hundred, it were the same; death comes sooner or later. Therefore, where does the individual's true interest, as an individual, lie? For the inferior species, the poor beasts, there is no true answer to that question which could satisfy the needs of the human individual. We care for the beasts, who may therefore have a sense of participating in our existence, as Nicholas of Cusa emphasized this point; but the beasts have otherwise no personal form of immortal existence, such as that which Plato, Archimedes, Cusa, Leonardo da Vinci, Kepler, Leibniz, et al. have for us who have relived the experience of their discoveries today. It is what our lives contribute to the unfulfilled tasks of past generations, and the building of the world for our posterity, which supplies us a practical notion of both a sense of mission and an associated sense of the immortality, the sense of our own permanent, immortal place in the whole existence of mankind, and in the universe, an immortality expressed in one's continuing service of that mission on behalf or all past and future humanity.

It is that sense of immortality which inspired a Jeanne d'Arc, the sense of immortality which gives us the needed enormous strength to do what we recognize that we must do, even against all apparent odds. The question for us, then, is: How might we know, truthfully, what it is that we must do? How must each of us spend mortal life's penny, the only

penny we have, to what immortal purpose? What is the truth of that matter?

Classical science and Classical artistic modes of composition, are examples of this set of truthful connections. Christianity as richly portrayed by the Apostles John and Paul, is an example of this, as participation in the adequate performance of J.S. Bach's St. Matthew Passion, the passion and crucifixion of Christ as a living re-enactment of that experience, a re-enactment which bridges two millennia as in an instant of contemporary experience, today. Here lies the source of the courage of those martyrs on which the subsequent emergence of civilization from the evils of the Roman Empire depended.

These two, widespread kinds of moral errors among most of today's world leaders, the prostitution to smallness, and the lack of a sense of immortality among populations and leaders alike, must be corrected, if we are to lead the world in general out of the presently cascading avalanche of horror. A people without a sense of an immortal mission can not find its way out of a crisis, unless that people were inspired by leaders who do possess that quality of devotion to the future outcome of what they must not fail to do today. Today, thus, we are ruled chiefly by intellectual and moral weaklings, and we seem often to prefer such defective leaders, because they do not represent a threat to a popular devotion to pettiness.

For example, a drastic change in the culture of Europe and the Americas was introduced, abruptly, during the short interval of 1962-1964, the interval from the 1962 Missiles Crisis, through the 1963 assassination of U.S. President Kennedy, and the 1964 launching of the official U.S. war in Indo-China. The reaction to that terror was a flight into denial of reality, a paradigm-shift of plunge into denial. This cultural paradigm-shift exerted its most immediate effect on the tender, draft-dodging souls of young people entering adulthood, especially those in the age-group of university student populations. That generation, or, the greater part of it, fled into virtual holes in the ground of their imagination, practicing fantasies or often drugged escapes from sanity, which gave them a momentarily pleasurable escape from facing the frightening realities from which they were fleeing.

The effect of this rather sudden shift in mass-cultural trends, was a long wave of what was sometimes described as a cultural paradigm-shift. The central economic feature of this shift in Europe and the U.S.A., was away from the modern European standard of a producer society, toward that of a post-industrial, consumer society. The effects of this cultural paradigm-shift on the economy struck initially within the U.S.A. and the United Kingdom, as under the first Harold Wilson government. This trend spread from the U.S.A. and the Commonwealth, into continental Europe, with symptoms such as the shift in 1968, continuing through the course of the 1970s and beyond.

The cumulative effects of this change from producer society, to what is called a "consumer" or "pleasure" culture,

were embedded in the generation which had graduated from adolescence during the middle through late 1960s, to become the dominant generation in positions of influence in and over society today. That development is the central feature of the tendency of failure of governments and leading political parties today.

Now, we have reached the point in the processes of the post-1945 Europe and the Americas, that we are confronted by the evidence that the changes which erupted in the aftermath of 1962-1964 were, in the main, a terrible mistake. So, to report that this has been a terrible mistake all along, is taken as an unconscionable insult to the pride of an entire generation, a generation whose sense of personal identity is associated with habits acquired over the course of about forty years. Were it better to allow them to destroy themselves, and also their society, than to insult their sense of pride? Unfortunately, those of us from the generation which went through the lesson-giving experience of war during 1939-1945, are either dying out, or are gripped by infirmities which prevent them, as a generation, from exerting a relevant degree of influence over the policy-shaping of nations today. Yet many of us are still sufficiently alive and capable today, to say flatly that the behavior of leaders from the 1960s youth generation is not only wrong, but threatens to lead society into a new dark age. The generation chiefly in power rudely asserts: "We do not wish to hear it; therefore, we insist it could not be true."

It must be taken into account, that it was the generation of the 68ers, which has played a leading role in implementing those reforms in education which have uprooted expressions of that Eighteenth-Century Classical humanist movement on which the existence of the most valuable reforms in globally extended European society had depended. Classical culture, even barely competent forms of education in history and physical science matters, are rarely accessed by the present generation of students in secondary and higher education, in Europe or the U.S.A.

This so-called "cultural paradigm-shift" of the youth movements of the middle 1960s and beyond, has defined a long wave of decadence in the opinions of the people and practice of governments and business and other institutions over the course of four decades since the 1962 missiles-crisis. Compare those recent four decades with a lesson from the self-inflicted doom of ancient Athens expressed in the history of the Peloponnesian War.

That war revealed the decadence already rampant in the generation of Athens under Pericles. The self-destruction inflicted upon Greece under the rising influence of those sophists such as the democratic party of Athens, including the judicial murder of Socrates by those sophists, had reduced the viable portion of the population of Greece to a virtual remnant rallied around the great Plato. The death of Plato and the assassination of Alexander the Great left behind a positive factor, a heritage of the Classical tradition of Solon, Socrates,

and Plato, within the Hellenistic system, but did not prevent the imperial triumph of Rome. It was not until the Fifteenth Century, with the large import of Greek literary treasures into Italy, that European civilization picked up from where it had destroyed its greatest cultural treasures, destroyed by the ruin and aftermath of the Peloponnesian War.

Any qualified statesman has that sense of immortality which impels him, or her not only to think always of the welfare of the present generations, but to lay the foundations for a renaissance, should the present generations fail to deal competently with the crises which they have, as today, chiefly imposed upon themselves. That means that all competent statesmen today will work for an urgently needed reversal of crucial aspects of the induced cultural paradigm-shift which has accumulated during the recent four decades. Very, very few in leading positions in globally extended civilization today, have the inner courage needed to assume that specific, needed role of care for both the present and the future of their people, their civilization.

I know this very well. In several particular instances, during several recent decades, I have been privileged to exert some few, particular, but crucial, somewhat lasting influences on the course of current history. For my near-successes on account of such attempted changes of policy, I have been savagely vilified, and severely punished, sometimes through corrupt sections of my own government, and always by the order of those influential forces which feared my influence. In several officially documented instances, sections of the establishment worked to the stated intent to bring about my political assassination through complicit channels of government. As one notable figure communicated to me in 1988: "You made policy, without paying your dues [to our club]. For that you are being punished." I was never attacked by "the establishment" for being unimportant, but for being all too effective, too potent, in their eyes. If one takes into account, today, the numerous long-range economic and related forecasts I have made, and compares each and all of these with the outcome, it is astonishing even to me, and to others who have studied that history, that I have always been right, and my opponents wrong in these matters of policy.

Why, despite that evidence, did so many responsible figures reject my warnings? Was it their ignorance of competent economics, or similar shortfalls? In part, for the case of many among them, yes. Today's relevant professionals are much less qualified than those educated before the 1939-1945 war, and those educated after the spread of the influence of Dr. Alexander King's 1963 Paris report of the OECD on education, almost a relatively lower species in this respect. But such forms of relative ignorance were not the chief cause for the phenomenon. The cause was, chiefly, the influence of a trend in popular opinion, a so-called cultural paradigm-shift, on the mass behavior of the generation which came to adulthood from about the mid-1960s on. It was this kind of "other-directedness," this lack of the moral-intellectual strength for inde-



*The French Revolution—launched by Britain’s Lord Shelburne’s agents against the American Revolution, and against France’s “American” leadership of Bailly and Lafayette—was the origin of the Synarchist “beast-man” legacy of imperial terror since Napoleon.*

pendent professional or comparable personal judgment, which has moved whole sets of nations, like a mass of legendary lemmings, to the brink of, or over the figurative edge of that cliff which is the crisis gripping our world of today.

Thus, the essential problem of the most immediate crisis of globally extended European civilization today, is the present effects of nearly four decades of cultural paradigm-shift, from capital-intensive modes of development of basic economic infrastructure and technology-driven increases of the productive powers of labor, to the decadence of a “post-industrial” “consumer society,” a decadence akin to that which emerged in, and ultimately doomed Rome, from a time coinciding, approximately, with the end of the Second Punic War. A return of the U.S. to the imperatives of President Franklin Roosevelt’s reforms, minus the effects of the Churchill-Truman orchestration of nuclear conflict, would be a useful approximation of the reforms which would suffice to pull the world out of the presently onrushing disaster. It is the habituated resistance to such needed reforms among the presently dominant strata of “68ers,” which is the most significant obstacle to be overcome, and that as quickly as possible.

So, I, like every other significant leader of nations from around the world today, am now confronted with an extreme expression of that situation. The world which followed the trend of cultural paradigm-shifts over the recent four decades, has now reached the stage of over-ripeness of the present concatenation of crises. From this point, either fundamental sweeping changes in policies and institutions must proceed, or the world as a whole will be plunged into a deep, prolonged dark age. The solutions needed are available in fact; but, the

existence of the combined knowledge and will to recognize and adopt such solutions, is in doubt. This lack of will expresses the indicated cultural defects prevalent in Europe and the U.S.A. today.

We must pin-point the underlying cultural processes which impelled today’s globally-extended modern European civilization into not only the two great wars of 1914-1917 and 1939-1945, but the whole sweep of developments from approximately July 14, 1789, up to the present time. What were the cultural dynamics of that longer period of history, which created the preconditions for the great wars and similar conflicts, the wars of 1914-1917, and 1939-1945, and the age of threatened general nuclear warfare, 1946-1992?

When we depart the domain of popular small-mindedness, it becomes possible for us to look at long waves of world history as lawful processes of change, and to see the way in which the accumulated experiences of successive generations embed in populations certain deep-rooted cultural assumptions, which are passed on, and continue to evolve over even thousands or more years, or longer. The history of language is a prime example of this specific characteristic which distinguishes humanity from species of apes. It were wisely said, that whoever does not know a long sweep of history in this way, should humbly admit that he knows almost nothing about himself.

### **The Present Strategic Crisis**

Therefore, to understand competently the forces at play in producing our present strategic crisis, we must look back no less than several centuries, to those roots of this present



crisis which must be found in the course of the Eighteenth Century.

Then, as now, the impulse toward war was coupled with the strategic effects of an ongoing general breakdown crisis of the currently ruling elements of the existing world monetary-financial system. In all cases, the period of the French Revolution of 1789-1815, the onset of the 1914-1917 war, the onset of the 1939-1945 war, and the crisis-situation of today, the factors of existential crises in extant monetary-financial systems and the impulse toward imperial forms of warfare were interdependent ones. Throughout this entire period, two principal factors of world affairs have shaped the way in which such general monetary-financial crises lead into general warfare.

First, during the 1780s, the imperialist British East India Company led by Britain's Lord Shelburne preorganized the induced bankruptcy of France's monarchy, and the French Revolution. Shelburne's efforts, from no later than 1763 onward, had two most immediate objectives. First, to crush the international influence of the simmering struggle for independence of the British colonies in North America's British colonies. Second, to destroy the leading continental European challenge, from France, to the emerging global-imperial, financier-maritime power of the British East India Company.

Second, in furtherance of both aims, Shelburne and his lackeys, such as Jeremy Bentham, orchestrated the role of agents on continental Europe, agents such as Philippe Egalité and Jacques Necker, London-trained and directed British agents Danton and Marat, and a monstrous sort of freemasonic cult known as the Martinists. The cult, controlled by a network of private banking interests, was the leading factor in the French Revolution, in the tyranny of Napoleon Bonaparte, and, among other matters, in the guise of the Martinists' continuation as today's international Synarchist association, which was the key factor in both the 1914-1917 and 1939-1945 war.

To see the deep-rooted, determining cultural connection between the developments of the Eighteenth Century and the present time, look at some of the cultural and related institutional effects which the Eighteenth Century transmitted to become what recent generations have experienced as leading features common to the world situation of 1928-1933 and that of today.

Despite all desperately wishful thinking to the contrary, the world as a whole is presently wracked by a general breakdown-crisis of the existing, post-1971 form of a floating-exchange-rate form of monetary-financial system. Although the timely installation of a new global system could save the threatened economies, the present monetary-financial system is itself doomed, together with those nations which choose to cling to it.

That presently doomed system, dating from 1971-1972, introduced increasing radical departures from that fixed-exchange-rate, regulated system which had been essential to the

post-1945 economic recovery from the combined effects of the earlier world depression and war. These changes in favor of increasingly radical "free trade" ideologies, wrecked the economies of the U.S.A., U.K., and much of the rest of the world.

Predictions in the economic processes of nations are virtually impossible; but forecasts of upcoming points of crucial decision-making are both feasible and necessary for all competent practice of statecraft. As one on record as the most successful, published forecaster of the past several decades, I am able to forecast now, that very soon, perhaps even before this *EIR Special Report* is printed, or, perhaps later, the present world monetary-financial system will crash, *unless Synarchist coups and wars intervene to bring an alternative nightmare*. That is the Classical form of any competent economic forecast. Either way, unless certain specific emergency reforms are introduced and enforced, the effects of this crash, or in the alternative, a new escalation of warfare, will emerge quickly as something far worse than Europe and the U.S.A. experienced following the 1928-1933 interval.

In principle, there exist readily accessible emergency reforms which could not only bring that crash under control, but unleash the greatest long-term economic upswing in world history to date. However, there is no reason to assume that existing governments will readily accept the urgently needed changes in policy. We dare not assume that, to prevent those reforms, certain private financier interests, representing the Synarchist tradition still today, as over the past two centuries, will not unleash coups d'état, spreading wars, or both, as a means of preventing urgently needed reforms of the presently doomed world monetary-financial system.

The needed remedies for this threat require, in turn, a very special degree of common leadership from my U.S.A. and Europe. We of the U.S.A. and Europe combined, could not solve the problem by ourselves; but, our cooperation is indispensable to successful action among the nations generally. To this end, we must proceed from a clear understanding of the differences in the ways which are associated with the two principal, different branches of globally extended European thinking about nations' economic policies, the European versus the American. We have, thus, on the one hand, the economic thinking associated with the U.S. Federal Constitution as read by Alexander Hamilton. We have, on the other hand, the kind of Anglo-Dutch Liberal parliamentary model associated with the Eighteenth-Century British East India Company and its influence on the political and monetary-financial institutions of most of Europe up to the present today. The conflict between those two, opposing, but connected systems of economic culture, is the chief root of the crisis internal to today's globally extended European culture.

The U.S. system of Benjamin Franklin, Alexander Hamilton, the Careys, Friedrich List, Abraham Lincoln, and Franklin Roosevelt, is a Presidential system of government, in which the Executive Branch enjoys the constitutional author-

ity to act, with the consent of the Congress, to exert a monopoly on the creation of currency and national credit, and to regulate the control of the flow of monetary aggregates through the internal economy and in matters of external affairs.

The U.S. has often violated important features of its Constitution on this point, as with its unconstitutional consent to the creation of the Federal Reserve System installed at the prompting of Britain's King Edward VII's New York City agent, Jacob Schiff. Despite the subversive influence of foreign agents such as Albert Gallatin, Martin van Buren, and so on, the notion of pro-Leibnizian American System of political-economy defended by the United States' first Treasury Secretary Alexander Hamilton remains the organic expression of the constitutional system expressed successively by the Leibnizian 1776 Declaration of Independence and Federal Constitution. This is the tradition of the Clay-Carey Whigs, Lincoln, Garfield, Franklin Roosevelt, and other notables. This is the underlying organic difference which separates the American constitutional system from the Anglo-Dutch Liberal parliamentary models of Europe. The history of the U.S., so far, has been, that up to a point, although the U.S. government's practice may wander away from that organic tradition over extended periods, but, under certain kinds of conditions of existential crisis, the inclination for the American System of political-economy pops out again. We may hope, now.

The crucial point of argument is, therefore, that if the U.S. returns to its Constitutional tradition, as it did under President Franklin Roosevelt, the survival of the U.S. in its present constitutional form is virtually pre-assured. The difference for Europe is, that if it clings to the presently ruling Anglo-Dutch Liberal model of parliamentary system, its present political institutions will not survive. That Liberal parliamentary model is a continuation of the empiricist tradition of the Eighteenth-Century system of Lord Shelburne's East India Company, a tradition expressed today by what are called "independent central banking systems." If the U.S. fails to demand the model of the American System of political-economy, of Hamilton et al., the model referenced by President Franklin Roosevelt, then the U.S. Constitutional system is doomed in any case, and Europe, almost assuredly, goes to spend a generation or more in Hell.

I explain this crucial issue, on which the fate of both the U.S.A. and Europe for the near term, now hinges.

In any general crisis of the world's monetary-financial system, the effect of the authority assumed by central bankers of the Anglo-Dutch Liberal model, is to put the monetary-financial private interest, even maliciously, above the interest of the nation and its people. Such was the case in the formation of the Bank for International Settlements, whose policies helped to shape the conditions of aggravated crisis under which Adolf Hitler was brought to power in Germany. Such is the role of the so-called "vulture funds" which demand the destruction of the nation and population of embarrassed

nations such as Argentina today.

In Europe today, the pressures of an accelerating general monetary-financial crisis of the present world system, have impelled thoughtful leading political circles to measures such as the European Investment Bank and the Tremonti Plan. These are good measures, but pitifully inadequate to match the scope and depth of the presently accelerating collapse. Adding a reform to the present philosophically Liberal system will not succeed. The reform might succeed, but only under the condition that the diseased organ, the present world monetary-financial system, were reformed in ways which permit governments to launch economic-expansion programs adequate to the presently skyrocketing need.

Therefore, under the present conditions of terminal crisis of the world's present monetary-financial system, if the Anglo-Dutch Liberal model of parliamentary system prevails, and if the "Adam Smith" model persists in the U.S.A., the world is going to spend time in a Hell from which few of the world's present nations would emerge.

Objectively, the case for my argument is clear, and should be received as irrefutable by sensible, reasonably well-informed people. Unfortunately, life is not quite that simple, nor are people and their governments quite that rational. It is therefore indispensable to bring to the surface of attention, and to propose to eliminate, as Socrates would, those deeply rooted prejudices which tend to blind governments, and also large parts of the population, to those realities on which the continued survival of a system of government may immediately depend. To that end, the following argument now becomes indispensable.

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## 2. The Deep Psychology of Political-Economy

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As I have already emphasized here: It is in that aspect of the nature of man which sets mankind apart from and above the beasts, that the deep character of nations is lodged. This character of a living nation resides less within that portion of popular opinion acquired by a current generation or two, than within often conflicting traditions rooted in centuries, even millennia before the present time. The case of Plato's powerful influence in European culture, still today, is merely typical. The Gospels of the Apostles of John and Paul illustrate the importance of this impact on history most dramatically. So Europe, the United States, and the relations between the two geographically-defined strata of acquired opinion, must be understood under the conditions of crises which wrack this planet at the present moment.

For example, just as the 1929-1933 financial collapse triggered the revival of that deep, patriotic tradition which President Franklin Roosevelt represented, lifting the U.S. again from the depths to which the 1901-1933 succession of Presi-



*“The behavior [today] of leaders from the 1960s youth generation is not only wrong, but threatens to lead society into a new dark age. The generation chiefly in power rudely asserts: ‘We do not wish to hear it; therefore, we insist it could not be true.’ ”*

dent Theodore Roosevelt, the mysterious death of President Warren Harding, and Presidents Calvin Coolidge, and Herbert Hoover had led it; so, in that way, in times of crisis, such as now, long-term traditions may suddenly overwhelm more recently acquired ones. Thus, especially under conditions of systemic, existential crisis, like those of the present time, the recent trends of even a generation or more, may be overwhelmed by a rather sudden upsurge of earlier traditions. In Franklin Roosevelt’s case, the memory of a notable ancestor, Isaac Roosevelt, the ally of Alexander Hamilton, bridged more than a century of personal family associations in shaping President Roosevelt’s outlook. On this account, it is urgent to note, under today’s conditions of crisis, that of all the ideas deeply embedded in a nation and its institutions, only a small fraction has actually been accumulated within the span of one or two generations.

Not only seemingly old traditions must be taken into account in this way. There are also deeply embedded, but rarely recognized, or previously undiscovered ideas which may exert a powerful influence, as if exuding from silent, blank walls

of the consciousness; seemingly, these, almost always, vanish from the corner of the eye where the passing of their presence might have been hinted.

A culture viewed in that way has, speaking of comparisons, a certain pedagogically useful resemblance to a formal geometry, such as that of Euclid. That geometry is regulated by certain deeply underlying beliefs, beliefs akin in their effect to the irrationally arbitrary (so-called “self-evident”) definitions, axioms, and postulates of a formal classroom geometry. However, unlike the doctrine taught by teachers as textbook geometry for tender minds, many among the array of axiomatic assumptions which govern the general behavior of real-life societies, are often hidden from the consciousness of even leading actors; in relevant instances, the manifest influence of those old assumptions, if pointed out, would often be vehemently, but mistakenly denied, not as a matter of intent to lie, but the impulse to deny that which one strongly wished had not existed, or were happier that it remain a mere pre-science, not to have been discovered.

The greatest Classical dramas, such as Aeschylus’ *Prometheus Bound*, Shakespeare’s *Julius Caesar* and *Hamlet*, or the dramas of Friedrich Schiller, typify the way in which the principles of Classical drama, especially Classical tragedy, may bring to the surface some of those important, deep, usually hidden assumptions and principles which had otherwise escaped conscious recognition. The part which the crucial importance of a sense of immortality in leaders plays in avoiding an otherwise inevitable tragedy of that leader’s culture, in *Hamlet*, is an appropriate illustration of the point. The Classical humanist tradition in physical science, is rich in examples of this same principle.

These often hidden kinds of deeply embedded, assumed beliefs, usually appear reflected on the surface of the individual’s awareness as what passes for “self-evident beliefs”; but, even when the beliefs are known, the believer usually has little or no comprehension of how those beliefs came into existence, or how they function to control his behavior, or that of his society. These beliefs may be compared to deeply embedded genetic potentials which may erupt to the surface after generations of apparent biological inertness. So, since many hidden beliefs exert an axiomatic kind of influence over the personal behavior of whole populations, or nearly all of each of them, the believer usually has no efficient knowledge of the origin of the greater part of his or her beliefs of that character, or of their importance for the way in which entire societies, or sections of them, behave.

An examination of the subject of those hidden assumptions is the key to understanding how economies actually succeed, or fail over the long term, over a term of one or two generations or more. It is ignorance of this usually hidden aspect of economic and related decision-making processes, which has led society, so often, down the pathway of merely apparent short-term, or medium-term success, to terrible crises such as the great financial collapse of 1928-1933 and

the onrushing final stage of collapse of the present world monetary-financial system today.

To understand the origin of the prevalent differences in current world-outlook between Europe and the U.S.A., we must situate the relevant questions in historical processes defined in that way. To clear the way for addressing the pivotal matter of this report, the subject of long-wave economic processes, consider some elements of myth and fact which are intermingled to determine the somewhat different ways in which the educated strata among North Americans and Europeans see themselves and their nations' respective places in the world at large.

## Europe and the Americas

Usually, for example, both the Europeans and the Americans make the mistake of saying that "Christopher Columbus discovered America." Some people in the Americas are even less clear-headed; they say the contrary; they argue to the effect, that "Columbus discovered nothing; we were here all the time." Ah, the European retorts, "But your ancestors knew nothing about us! We discovered you!" Such are the entertaining delights of dialogues among sundry varieties of populist chauvinism.

Actually, Columbus led a voyage of *rediscovery* of the American hemisphere. He had a map, which had been drawn for him by his correspondent, the Italian, Toscanelli, one of the leading scientists of Renaissance Italy, and an associate of that German, Cardinal Nicholas of Cusa, who had founded modern experimental science. That map was made possible by the work, circa 200 B.C., by an Egyptian scientist, Eratosthenes, who had measured the great circle of the Earth with fair precision. Eratosthenes was of the sea-faring tradition of his native Cyrenaica, educated in the Platonic Academy of Athens, and recruited to become the leading scientist of Egypt. It was Eratosthenes' students, led by navigators from Cyrenaica, who conducted the discovery of the Pacific Coast of the Americas in a great expedition by a flotilla which they led. Their voyage had been intended to prove Eratosthenes' revolutionary discoveries in astronomy and geodesy. The later, Renaissance rediscovery of the Atlantic coast of the Americas was set into motion, as a long-range strategic projection launched under direction from Cusa's Italy, as part of a general strategy of transoceanic exploration launched by Cusa personally. In sum: It was materials supplied by a Portugal associate of Cusa, which led Columbus into a correspondence with Toscanelli. This material from Cusa and Toscanelli led veteran Italian-born Portuguese sea-captain Columbus, a decade later, to sail across the Atlantic, under the sponsorship of Queen Isabella of Spain. Such are the "melting-pot"-like processes of ongoing change in history taken in the large.

It was an historical process, not some freakish choice of will for adventure, which sent Columbus on his mission. Only a loutish illiterate could separate the action of Columbus from

a process of history traced back to a member of the Athens Platonic Academy working in Alexandria, Egypt, circa 200 B.C. Only an illiterate fantasist could overlook the processes centered in Fifteenth-Century Renaissance Italy, which reactivated and applied Eratosthenes' discovery of the circumference of the Earth.

Even Columbus' error in assuming that the goal of his voyage was the coast of Asia, strengthens, rather than weakens the claims on Columbus' behalf. The error was embedded in the map supplied to Columbus from the work of Toscanelli. Toscanelli's extension of the coast of Asia to approximately the actual Atlantic coast of the Americas, was based upon lies generated, as political disinformation, by Venetian tricksters such as Marco Polo. Thus, Columbus not only rediscovered America; he also discovered, as Dante Alighieri and Niccolò Machiavelli might have told him, that prominent Venetians could prove to be cosmic liars.

To grasp the origins and significance of Columbus' discovery, the political motives of Cusa's circles are as interesting as they were astronomical.

Cusa was a leading figure in that Fifteenth-Century birth of modern Europe which separates medieval from modern European culture. The concept of the modern form of sovereign nation-state, already developed to a high degree by the work of Dante Alighieri, was clarified by the major work of Cusa's young manhood, his *Concordantia Catholica*. Cusa, who played a crucial role in organizing the great ecumenical Conference of Florence, later supplemented the *Concordantia* with his first published work toward founding modern European science, his *De Docta Ignorantia*. This role of Cusa, taken together with the Fifteenth-Century founding of the first modern nation-states, Louis XI's France and Henry VII's England, typifies the separation of modern European civilization from the succession of both the ancient Roman Empire and that Venetian-Norman alliance which had dominated medieval Europe since the Norman invaders' occupation of northern France.

The history of the emergence of the states of the Americas coincides in every way with the convulsive birth of modern European man from the Venetian-Norman brutishness of medieval Europe. To describe Columbus' discovery in any different way is, at best, the folly of an illiterate. The re-discovery of the Americas by Columbus, reflects a long-ongoing process of change occurring within Mediterranean-centered European and associated civilization, a process of ongoing change extended, in first approximation, to the span of history from the influence of Egypt in the emergence of the Greece of Thales, Solon, and Pythagoras, to the beginning of the Sixteenth-Century's tumultuous conflict with the imperial maritime power exerted by that Venetian financier oligarchy, which had dominated Europe, through its deployment of Norman chivalry, since about the time of the Norman conquest of England. These Venice-led forces worked in the effort to set the clock of history back to medieval Europe, that

permanently.

It was this circumstance of the Sixteenth and Seventeenth Centuries, from the accession of Charles I as the reactionary King of Spain, through the 1648 Treaty of Westphalia, which determined the way in which the modern states of the Americas came into being. It was not an event, the discovery of America, which produced that process of change; it was an already ongoing, Fifteenth-Century process of continuing change, which generated the event, and governed the ensuing process of outcome. This, already, began to shape an emerging difference in the ways of thinking of most Americans and most Europeans.

From about the time of that Charles I of Spain, two overlapping, conflicting impulses for change governed the process of colonization. One, was the intent of the colonizing powers to use resources in the Americas to tilt the balance of power among contending forces in Europe. The introduction of African slavery into the Americas, by Portugal and Spain, the looting of the Americas by Spain, and the effort to reduce the Mexicans to peonage with a system of haciendas, are typical of this impulse. The second factor was another aspect of that ongoing process of colonization.

Residents of the Portuguese settlement at Provincetown, in what is now known as Cape Cod, Massachusetts, guided the Mayflower party to the area of Plymouth, where a language known to the Portuguese was already spoken by the peoples with whom the fishermen of Provincetown had intermarried. A year or two at a time spent on the New England coast, packing up salted cod for the European market, has a long history in that part of the Americas, including provision of the sea-going capabilities of the late Eighteenth-Century and early Nineteenth-Century Britain and U.S.A. as sea-going powers. The Pilgrims scarcely discovered Plymouth Rock; Plymouth Rock, assisted by the Portuguese fishermen of Provincetown, discovered on their doorstep, and assisted a ship-load of refugees known to us as the Pilgrims.

The point I am emphasizing by aid of such ironies, is that history is not a connecting of the dots called events, or isolated “facts”; history is a lawful process of change, which creates those objects which some statisticians, pedants, and other cognitive illiterates regard as self-evident dots, events. *It is not events which produce change; it is processes of change, as ancient Heraclitus, and Plato insisted, and as Johannes Kepler’s unique discovery of gravitation proved for astrophysics, which produce events of a crucial historic-scientific significance.*

In ordinary times, where the apparent short-term changes are often more or less predictable in terms of a more or less linear apprehension of currently ongoing trends, there are always processes of qualitative change in cultures under way; but those processes themselves may be rather easily overlooked by careless persons, and usually are. Thus, in times of eruption of systemic crises of one kind or another, the most widely habituated way of so-called practical thinking fails

more or less miserably. It is that kind of thinking which finds itself perplexed, and frightened, as if by something strange and frightening which had erupted as if from under its ground. What has actually happened, is that the ongoing, longer-term, underlying process of long-term change had erupted to produce effects contrary to those considered possible by generally accepted public and other opinion.

For example, if we observe living plant-life, especially weeds, over the short term, we observe no movement being generated from within the plant itself. With aid of lapsed-time photography, we see something akin to willful movement. For the ignorant, this “willfulness” exhibited by the plants has mystical charm; for the scientist, such anomalies, like those of the elliptical orbits treated by Kepler, lead to discovery of some previously hidden principle governing processes on a universal scale.

Something akin to that same problem of method arises when we attempt to explain social processes in terms of the experience of a decade, or even a generation. The time-scale adopted for the observation being made, is too brief to show us statistically the underlying process of change whose effects will explode to the surface at some point down the line. Thus, policies adopted on the basis of relatively short-term experience, often blow up in the face of the believer in the slightly longer term.

Economic cycles, such as the 1964-2003 cycle which has brought on the presently ongoing collapse of the world’s present monetary-financial system, are like that.

The tragedy of post-1945, post-Franklin Roosevelt, modern European civilization, actually began at the Democratic Party nominating convention of Summer 1944, but the long wave of decadence which has gripped the present world monetary-financial system erupted in 1962-1964, in the wake of such crucial events as the 1962 missiles crisis, the assassination of President Kennedy, and the official launching of the U.S. war in Indo-China.

Looking back to the way in which the collapse of the 1944-1964 Bretton Woods system occurred, the present world economic crisis took root in 1964-1966, and took control of world affairs with the 1971-1972 adoption of the presently bankrupted “floating-exchange-rate” monetary-financial system. People who insist, “You can’t put the toothpaste back in the tube,” as a way of defending the continuation of recent trends of a decade or even a generation, are therefore panicked when the egg which they have been nurturing hatches to produce an aggressive, homicidal monster, such as a new systemic form of general economic depression. Even today, when the inevitable doom of the present monetary-financial system is overwhelmingly obvious, desperate fanatics and similar fools are still groping for signs of a spontaneous recovery of that doomed financial system.

That experience of 1964-2003 should have pointed attention to the reason why statistical analysis is usually incompetent in respect to defining the long-term effects of short-term

or medium-term trends. The linear, reductionist methods of statistical analysis are intrinsically incapable of defining the non-linear processes which are suppurating, but concealed within an estimable range of margin of error in the customarily simplistic form of shorter-term calculations. History is intrinsically revolutionary in its nature, and the inevitable revolutions have usually caught established institutions and habits unawares. At such times, the deep-rooted longer-term processes of history have erupted to mock the habits, and decadent establishments of the recent times.

So, when we consider the long term, we are shown, once again, that it is the underlying processes of change which determine events; it is not mere events which define such change.

### Colonization As a Complex Process

To understand how the present cultural differences between Europe and the Americas developed, look at the process of change which brought this about, a process dating from the close of the Fifteenth Century, and the ensuing three centuries' role of colonization of the Americas.

Such a process of change *per se*, unleashed by Europe's Fifteenth-Century Golden Renaissance, and also by the hateful reaction of the old system to that Renaissance, governed a process of colonization for its own sake, a complex process, which included man's natural disposition for discovering that which is universal, and that conflict which was accelerated by the long wave of Venice-orchestrated religious warfare in Europe.

Prior to the Treaty of Westphalia, the Massachusetts Bay Company is the outstanding example of the effort to set up true, sovereign republics in English-speaking North America. Under the Restoration Stuarts, the keystone Pennsylvania colony—chiefly between Virginia and New England—emerged, with an embedded intent similar to that of the original Massachusetts venture under the Winthrops and Mathers. With the awful accession of the Brutish William of Orange, and of what was to become the Anglo-Dutch India Company of Barings, Lord Shelburne, et al., the American break with the newly established British East India Company's monarchy of 1714 was a more or less inevitable impulse, as my recently deceased associate, historian H. Graham Lowry, has presented this case.

During the interval 1763-1789—the interval of the rise of the Benjamin Franklin-led cause of American independence—the temper of the leading intellectual currents of Europe and the emerging U.S. republic, converged almost to the point of being identical. The freedom of the new republic in the Americas was the adopted cause of every decent leading intellectual circle in Europe, the Classical humanists of the second half of that century, most notably. The division came in 1789-1815, since which the Classical humanist movement in Europe has never fully recovered its leading influence, to the present day.



*LaRouche compares the underlying causes of the recent four decades' decline of Europe to consumer societies with "small" leaders, to "a lesson from the self-inflicted doom of ancient Athens expressed in the history of the Peloponnesian War. That war revealed the decadence already rampant in the generation of Athens under Pericles."*

Currently, the cultural tradition of Classical humanism is not in notably good repair in the institutions of the present U.S.A., either. However, the historically determined, post-1789-1815, marked difference in direction of organic outlook between the U.S. and Europe, persists as an underlying, embedded difference in characteristic outlook on both sides of the Atlantic today.

The most efficient, continuing determinant of the difference, is the effect of the continued existence of the Constitutional institution of the U.S. Presidency, from 1789 to the present day. It is the ebb and flow of the quality of the U.S. Presidency, more than the legislative branch, which chiefly determines, and is determined by, the shifting moods in the population and popular institutions at large. Meanwhile, it is the historically determined difference between the Anglo-

Dutch Liberal model of independent central-banking-dominated parliamentary government, as hegemonic in Europe, which pin-points the most important of the more deep-going systemic differences, and resulting frictions, between the U.S.A. and Europe today.

Just so, to show the other side of the matter, the legacy of Colbert and Lazare Carnot has not yet been uprooted from the living history of post-1789, post-President Carnot France, as shown by Hanotaux, Jaurès, or my late friends Madame Marie Madeleine Fourcade and General Gabriel Revault d'Allonnes. It is in the U.S. Presidency to which all significant patriots are attached by instinct, that the ongoing processes of historical change within the U.S.A. are centered. The continued development of the deeper, long-term processes of cultural development, will erupt to reassert itself on the surface of events, sooner or later. So, despite all troubles, a human species, which, were it ape-like, would never have exceeded several millions living individuals, is represented by a population estimated at more than six billions today.

In the long term, living processes dominate non-living, more and more, and the power of man over both non-living and lower living species increases. The stubborn resurgences of human progress reflect those long-term forces of history which, ultimately, overrule contrary shorter-term trends. In the end, it is those creative individuals whose work coincides with the intention of the long-term processes, which will prevail. The challenge, is to get humanity through the shorter-term periods of aberration as safely as possible.

Typical of these differences within the processes of modern history, is the delusion, widespread among Europeans one might think would know better, that the original work at Bretton Woods was largely the outcome of the influence of John Maynard Keynes. Keynes represents the characteristic workings of an independent central banking system, whereas Franklin Roosevelt was an American in the conscious, directly opposite tradition of first Treasury Secretary Alexander Hamilton. Roosevelt led the world to victory over the Synarchist International's forces through the resources mustered under as close an approximation of traditionally American System notions of national banking as were possible at that time. The post-war, highly regulated system of fixed exchange-rates expresses that same intent for anyone who has studied the policy-making crises of the Roosevelt era closely, as I have done, partly first-hand, largely by historical studies. This system is possible only under a Presidency of the constitutional characteristics of the U.S.A.

We Americans, at least those who know much of anything about our nation and how it operates, especially seriously qualified and dedicated Presidential candidates, as I am, are in fact an organic part of our Presidential institution, who identify ourselves primarily with the responsibilities inhering in the constitutional character of the Presidency as an institution. There are other functionally determined points of more or less organic cultural difference between Europe and the

U.S.A., but this matter of the Constitution's relationship to the functioning of the Presidency, as distinct from the typically Anglo-Dutch Liberal notions of parliamentary rule, is the most significant difference in philosophy divided by the Atlantic waters; this difference becomes a crucial one whenever an existential form of general monetary-financial-economic crisis erupts, as now.

As I shall emphasize in the closing portion of this report, the critical fact of the present terminal phase of an ongoing collapse of the existing world monetary-financial system, is that no solution for Europe, in particular, exists within the existing framework of an Anglo-Dutch Liberal tradition. The attempt to make the existing Anglo-Dutch Liberal tradition "work better," is a fool's errand. The fact that every monetary-financial crisis of Europe tends to sweep parliamentary government into the waste-basket, to be replaced by some other form of government, even fascism, expresses the intrinsic impotence of the Anglo-Dutch Liberal modern of parliamentary rule.

It is that tradition which must be superseded, as the leaders of the American Revolution have known since Benjamin Franklin's time. This was a lesson which should have been learned from the aftermath of the great monetary-financial crisis of 1928-1933. The attempt to cling too long to the assumed constitutional sanctity of an hegemonic Anglo-Dutch Liberalism, created the conditions under which only a change to the American constitutional model of national banking, or a tyranny, were available alternatives. A parallel consequence of the Anglo-Dutch model threatens to throw the nations of Europe into chaos, and threat of new dictatorships today.

Therefore, under the presently hopeless breakdown-crisis of the present world monetary-financial system, no solution for Europe and the world generally, still exists, except as Europe might become willing to adopt the American constitutional model of national banking, in partnership based on "the advantage of the other," a partnership with a U.S.A. under an at least slightly improved state of the U.S. Presidency. To effect that change in relations, we must examine certain of the hidden axiomatic assumptions which, unless unmasked, will prevent such indispensable cooperation from occurring.

## **What Is Physical Economy?**

In addition to the systemic flaws of design in Europe's parliamentary governments, the chief, associated functional flaw is the embedded adoption of the cultural myth of that "free trade" system associated with so-called independent central-banking systems. The tenacity with which those flawed institutions grip the will of the victim, reflects the widespread awe expressed for what is widely taught as one or another, systemically empiricist varieties of political-economy. Those doctrines of political-economy, in all their sundry differences in details of religious devotion, are the ideology which often motivates the self-inflicted national catastrophes of a fresh period of crisis.

What is taught as economics, or political-economy, in universities today, is, like the famous doctrine which the British East India Company's Thomas Malthus plagiarized from an English translation of Giammaria Ortes' 1790 *Reflessioni sulla popolazione*, a bastard offspring of the Venetian influence in shaping the development of Anglo-Dutch Liberalism. Include Shelburne lackey Adam Smith's plagiarizing of "invisible hand" from the *laissez-faire* of such neo-Cathars as the Physiocrats Quesnay and Turgot. Both dogmas, Malthusianism and "free trade," are expressions of the policies of what was known as "The Venetian Party," the name for the political current expressed by the Eighteenth-Century British East India Company. "Venetian Party" was also the name for the empiricist British and French "Eighteenth-Century Enlightenment" in general, the empiricist, pro-Romantic Enlightenment which was the principal adversary of that century's Classical humanist revival out of which the American Revolution was created. "Invisible hand" is a revealing term; it signifies the dipping and groping hand of Old Fagin's Artful Dodger. Did you lose something from your pockets recently, perhaps your health care, your pension, or your employment? Your life lost for the sake of their profit: obviously a case of what the followers of Adam Smith and John Locke consider "a fair trade."

Already, before the 1776 appearance of the British East India Company's famous anti-American propaganda-tract, *The Wealth of Nations*, by Shelburne's lackey Adam Smith, a science of *physical economy* had been well-defined by the 1671-1716 work of the greatest scientist of that time, Gottfried Leibniz. This work of Leibniz had been transmitted into the English colonies of North America, where its influence is reflected to the present day in both the 1776 Declaration of Independence's adoption of Leibniz's anti-Locke formulation, "the pursuit of happiness," the concept of "the general welfare" in the Preamble of the 1787-1789 U.S. Federal Constitution, and in the official reports to the U.S. Congress by the republic's first Treasury Secretary Alexander Hamilton. To the degree the U.S.A. has had the opportunity and will to shape its national economy according to those Leibnizian principles expressed by Secretary Hamilton's three celebrated reports to the U.S. Congress, the U.S. economy has performed as the most successful economy of the planet *during such periods*. The revolutionary development of the U.S. economy over the interval 1861-1876, and under Franklin Roosevelt, 1933-1945, expresses those features of the American System of political-economy.

To take a firmer grip on the world's present monetary-financial crises, look at the U.S. and British economies since about the beginning of the United Kingdom's epochally disastrous first Harold Wilson government. Look at the 1967-1968 monetary crises which were the early consequence of those 1964-1967 changes in direction of the policies of the British and U.S. governments. It is relevant to stress here, that I had already forecast the danger of such financial crises as early as

1959-1960, in a relatively more limited circulation of the following warning.

Based upon my 1956 forecast of an imminent deep U.S. recession caused by the effects of certain post-1954 policies of Arthur Burns, policies reflected in such forms of pyramided credit-schemes in automobile and related marketing, at the close of 1956, I, in my function as a professional consultant at that time, had warned of an immediate likelihood of a deep U.S. recession caused by the accumulated effects of this Burns-cued financial bubble. The recession actually hit, in fact, on my schedule in February 1957, and was even widely acknowledged as having occurred by late Summer of that year. The success of this forecast had encouraged me to craft a long-range forecast of 1958-1960 to the following effect.

I said the following, and repeated this often throughout the period through 1967. *If* the U.S. government were to continue the Arthur Burns-steered policies of the immediate post-war period deep into the 1960s, *then*, the result would be, that a series of monetary crises would erupt during the second half of the 1960s, leading toward a breakdown of the existing, Bretton Woods monetary system. The Harold Wilson crisis of 1967, and the ensuing dollar crisis of January-March 1968, were the first among my forecasted shoes to actually drop. The Nixon crises of 1970-1971, led to the role of Henry A. Kissinger, George Shultz, and Paul Volcker, to induce President Nixon to take the fatal step of wrecking the Bretton Woods system, on Aug. 15, 1971. The affirmation of that change, at the direction of Shultz in the Azores conference, committed the world to the spiralling decadence which has dominated world markets increasingly since 1964, and especially since U.S. fiscal year 1966-1967.

In response to President Nixon's actions of mid-August 1971, I warned that were these policies to continue, the result must be the threat from a long-term movement toward a fascist world order, the situation which the resurfacing of the Synarchist International, as around the U.S. neo-conservatives and the Arnold Schwarzenegger candidacy, typifies today.

Look at the result of the trends already set into motion during the mid-1960s from the standpoint of using a physical market-basket, rather than monetary, household-income standard of the mid-1960s. Compare net physical output per capita with per-capita ratios for monetary and financial aggregates. The result is depicted by the pedagogical "triple curves" which I have employed since late 1995, to describe the resulting long-wave trends in the U.S. and world economies. [**Figures 1a-1d**]

Since approximately 1966, there has been a soaring inflation in nominal financial-market assets, relative to a physical standard for the mid-1960s. Since that time, there has been a tendency for accelerating decline in the physical-economic values of household consumption and medium- to long-term capital investment in production and basic economic infrastructure. At the same time, there was an accelerating expan-



FIGURE 1A  
**LaRouche's Typical Collapse Function**

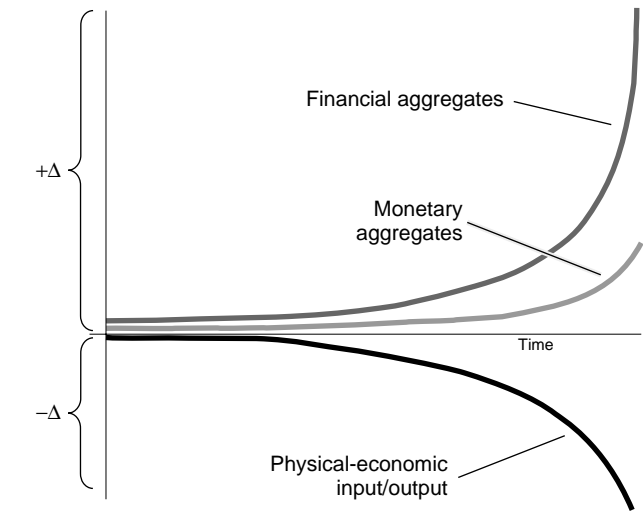


FIGURE 1B  
**The Collapse Reaches a Critical Point of Instability**

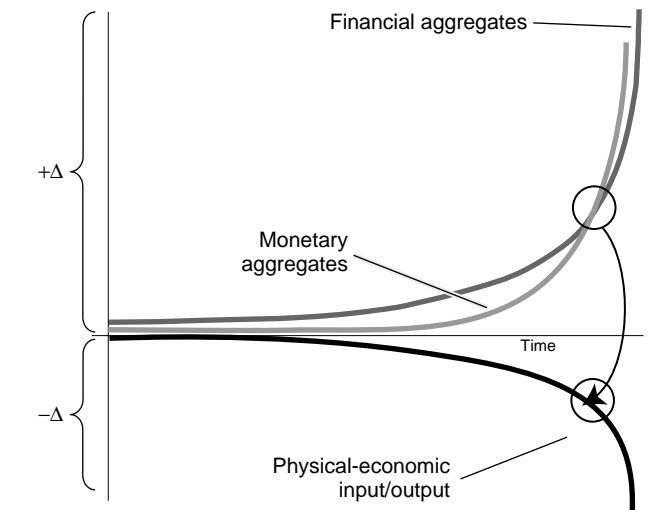
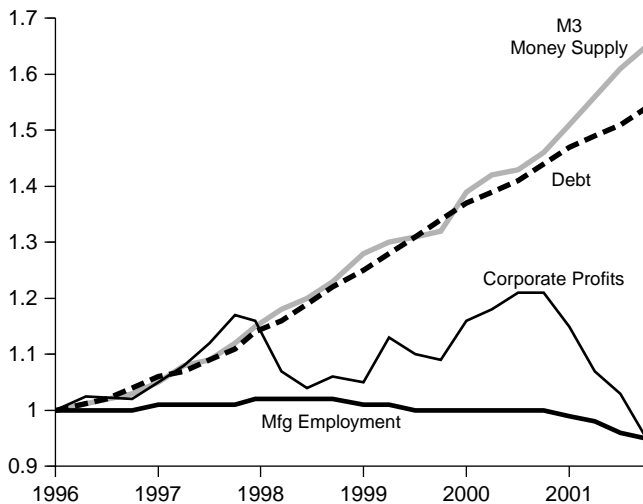
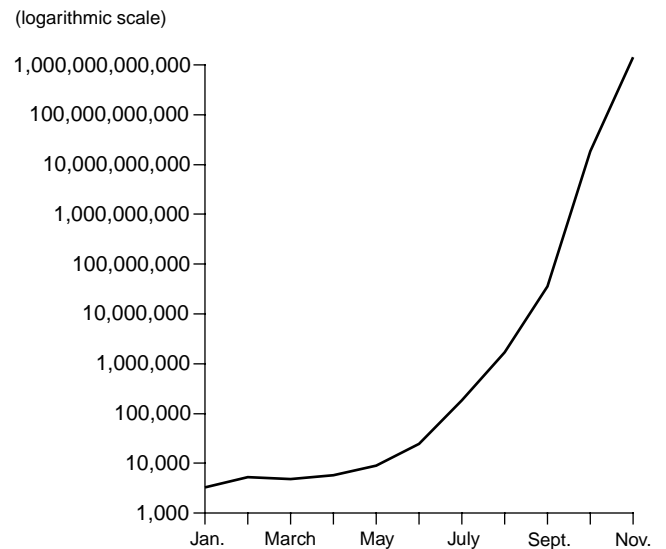


FIGURE 1C  
**The U.S. Economy's Collapse Function Since 1996**



Source: EIRNS.

FIGURE 1D  
**Weimar Hyperinflation in 1923: Wholesale Prices (1913 = 1)**



sion of monetary aggregate, which was used to fuel a speculative inflation in nominal financial-market holdings. During 1999-2000, the rate of U.S. monetary expansion required, to hold up the shaky financial markets left over from the 1967-1968 crises, grew more rapidly than the financial markets which the monetary efflux temporarily sustained. That three-fold relationship among physical, monetary, and financial ag-

gregates, defines a classical hyperinflationary spiral, as the famous Germany hyperinflation of Summer-Autumn 1923 typifies this.

At this point, there is no hope for a recovery of the world monetary-financial system in its present form.

The Triple Curve paradigm helps to emphasize the deter-

mining role of the underlying physical-economic relations as the reality of the economy, and the monetary-financial processes as merely shadowing the underlying physical reality. The uttering of money, or equivalent forms of credit, by the nation, must be a monopoly of the government, and that government must regulate the way in which prices are arranged, taxes applied, and so on, to the proximate end-purpose that the value of money remains in conformity with the relative price of a standard bill of consumption and physical costs of production and distribution. The relations illustrated by the Triple Curve pedagogical typify a national economy, and its current government, run wildly, recklessly out of control, a government thus leading its nation toward a systemic, even a breakdown crisis.

### **Socialism or Fascism?**

The threat to the world, that the U.S.A. might be taken over by an explicitly fascist regime, is the primary concern of every thoughtful government and comparable circles throughout the world. The roles of U.S. Attorney-General John Ashcroft, Vice-President Dick Cheney, and neo-conservative varieties of fascists such as Richard Perle, Paul Wolfowitz, and Marc Rich's Lewis "Scooter" Libby, have shown us, since September 2001, how near to a fascist takeover we have already experienced there. The apparent election of Hitler-like beast-man Arnold Schwarzenegger as putting an imported fascist Austrian head of state into power in California, as in 1933 Germany, is like the loud sound of a second shoe dropping from the floor above. The cases of Cheney, Ashcroft, and now Schwarzenegger, will now prompt the issue of mobilizing a "left-wing" resistance to this fascist threat to civilization as a whole.

There has been much chatter since August 1971 about the title, "Socialism or Fascism," of my August 1971 response to Nixon's fateful actions. Most of that has come, unfortunately, from wishfully or otherwise confused minds. In a sense, I did mean the long-term threat from some Hitler-like phenomenon, like Cheney, Schwarzenegger, et al., today. I did mean to appeal, then, to the image of President Franklin Roosevelt's leadership during the 1932-1945 interval. However, although I am an expert on Karl Marx and socialism generally, and did pay my intellectual dues to socialist circles during the period we were fighting against Joe-McCarthyism together, neither Franklin Roosevelt nor I were socialists in the Marxian sense.

In any case, especially since the fall of the Soviet Union and the present threat of a fascist dictatorship as bad or worse than Hitler's under a beast-man like Schwarzenegger, the time has come to finally lay the ghost of socialism to rest. My own experience is perhaps the best point of reference for such a clarification of the issue of socialism in general.

Since the aftermath of the Jacobin Terror, the sometimes positive role of movements in the name of *socialism* has always appeared in connection with reaction against the inhumanity inhering in that Venetian Party model which is traced,

in modern times, from direction of the French Revolution of beast-men Danton, Marat, Robespierre, and the first modern fascist dictator, Napoleon Bonaparte, by Lord Shelburne's British East India Company. The relatively important role of nominally socialist resistance against fascism was greatly energized by the 1928-1933 depression and the rise of Synarchist (fascist) dictatorships around Mussolini, Hitler, Franco, et al. This specific usage associated with that term arises out of the need, in such times of threatened existential crises, to mobilize broad popular forces for resistance to the fascist tendencies inhering in any unchecked application of the Anglo-Dutch Liberal model. However, lest we praise socialist movements more than is good for our posterity's health, we must recognize that there is also a streak of intellectual cowardice in socialist movements as typified by the German Social-Democrats' and some trade-union leaders' January 1933 displays of "parliamentary cretinism" on the matter of the pro-Hitler plot directed by von Papen, Schacht, et al., against the von Schleicher government.

Go back to my experience as a returning veteran of military service, in 1946. Roosevelt was dead, and something akin to the fascism against which we had just fought war, was running rampant under President Truman's leadership. In 1947, I appealed to retired General Eisenhower to run for the Presidency; I cited the prevalent aspirations for the post-war world which I had shared with most soldiers I had known overseas, and the betrayal of those implied promises by the Truman Administration. He replied briefly, concurring with my argument, but stating that it was not yet the time for his candidacy; on reflection, I would concur with his estimate on that account.

Fascism was on the move. Senator Joseph McCarthy was, in fact, a fascist, a right-wing Synarchist type; but his political career as a beast-man was also nothing but a natural outgrowth of Trumanism. By 1948, only a remnant of those who had admired Roosevelt during the 1930s and the war, had not gone over, fearfully or otherwise, to support for the proto-fascism of both Truman and Roy M. Cohn's Joe McCarthy. The Synarchist stratum of the U.S. today, that associated with Marc Rich, Vice-President Cheney, and Conrad Black's Hudson Institute coven of neo-conservatives, is the same fascism as Hitler's, on the move behind such Hitler-like figures as the Nietzschean beast-man-type groping his way into politics from the garbage-buckets of Hollywood, Arnold Schwarzenegger today.

So, I fought Trumanism and McCarthyism in the newly adopted role as a socialist, in 1949-1953.

Meanwhile, Truman's mad lunge toward risk of nuclear war with his Far East adventures, had run up against his miscalculation known as the Korea War. The wiser circles of the U.S. decided, prudently, to dump Truman and a Democratic Party polluted by Truman's role. Eisenhower as a popular military traditionalist, became the instrument to effect a partial disengagement of the U.S. from Truman's Korean war,

and did much to slow down the efforts of that utopian Synarchist cabal which he once identified publicly as a “military-industrial complex.”

After enjoying the relief of seeing the purging of McCarthy by the Eisenhower Administration, I looked again at my socialist allies of the 1949-1953 resistance; they were hopelessly stupid, if, in some important part, well-meaning, but of no visible, or prospective relevance to the issues of the new situation. I was, after all, a man of action for ideas; for all their phrase-mongering, they were not. In battle against McCarthyism, they had performed not badly. In “peace-time,” they were useless, a waste of my valuable time. I simply walked quietly away, with no rancor, no bad feeling against those former associates. I did hope, that at some future time, they would play a useful contributing role in resisting future atrocities of the like of Trumanism and McCarthyism, but one must face the fact, that they were intellectually bankrupt, emotionally worn-down, and all this and more seemingly hopelessly so, as if by instinct. So, I walked quietly away.

I found no occasion to return to any sort of active politics until the aftermath of the 1962 missiles-crisis and Kennedy assassination. When I did return, beginning 1964, it was because my economic forecasts of 1959-1960 forewarned me of the looming danger of a return to something like the rise of fascism during the 1920s and 1930s. That danger had arisen visibly.

Again, teaching at sundry university locations, the factor of socialism, this time as a blending of “Old Left” and “New Left,” dominated the resistance to what became known as the open, Nixon turn toward fascism, from 1966 on. Yet, the intellectual baggage of such forms of socialism showed itself, freshly, to be an obstacle to actually thinking. Such was the pervasive moral flaw among the Baby Boomer generation of youth then dominating political ferment of the late 1960s and 1970s. I was not surprised by this; the problem of the “left” was twofold. The “left” did not understand the difference between the pro-Leibnizian American system and essentially “Enlightenment” traditions of Anglo-Dutch Liberalism. At their best, the socialists opposed some of the cruelties of that British system called “capitalism,” and its effects; but, virtually none of them understood either the American system or the rudiments of that European Classical humanist tradition from which the American system had sprung.

So, the process within which I found myself in August 1971 moved me to new places and events. With my Fall 1971 Queens College debate with Abba Lerner, the future unfolding of my political destiny, and that of my association, was established for the entire period, from that time to the present day. Social-Democrat Lerner’s support for revival of economic policies which he confessed he knew were fascist, typified the political situation among all leading political currents, sundry varieties of socialist included, in the U.S.A. at that juncture. Lerner’s behavior there showed that fascism was on the march again. I trounced Lerner in that debate, but

his friends, including Sidney Hook, vowed, in revenge, that a *cordon sanitaire* would be constructed around my political activities, and they and their friends did just that.

To clear away the confusion which the name of socialism unleashes today, we must be rid of the assumption that socialism is the only alternative to what Lord Shelburne’s British East India Company, and his bestial little stuffed lackey Jeremy Bentham, had, in fact, defined as capitalism. The chief efficient enemy of capitalism in the world today, as the name of Adam Smith implies capitalism, is the explicitly anti-Locke U.S. Declaration of Independence and the clearly anti-Locke Preamble of the U.S. Federal Constitution. Therefore the U.S. patriot, President Franklin Roosevelt, was widely considered by the followers of Adam Smith and Jeremy Bentham, to be a socialist. That was often the view of the U.S. “left”; it was also the view of the snarling right-wing FDR haters, including the fascist supporters of beast-man Schwarzenegger today.

The practical issues which prompt the pro-capitalist hatred of the American System of political-economy, may be summarized as follows.

In the framework of physical science, as defined by the pre-Euclidean legacy of Thales, Solon, the Pythagoreans, and Plato’s dialogues, and of moderns such as Cusa, Leonardo, Kepler, Fermat, Huyghens, Leibniz, Gauss, and Riemann, the increase of the productive powers of labor of a culture depends upon the coordinated role of two functions. The one is essentially a responsibility of the state: basic economic infrastructure of the physical economy as a whole; the other is, broadly, “private initiative,” the role of the creative powers of the free individual mind in inserting both newly discovered universal physical principles, or technologies derived from such principles, into the practice of the nation. In a competently managed modern economy, no less than half of the total economic throughput of the national economy is the responsibility of the state. Some call that “socialism”; wiser voices say, “It is merely a practical way of expressing a little bit of sanity.”

The functional interdependency between these functions of the state and the private individual and enterprise, is a scientifically defined absolute. The private entrepreneur’s function depends upon the role of the state in controlling the development of the basic economic infrastructure and the regulation of the traffic within the economy. The state of relative economic anarchy which the combination of “free trade” and slashing of economic functions of the state ensures, produces precisely the kind of auto-cannibalistic general collapse the U.S. economy is currently experiencing.

If prices fall below the cost of capital formation on which production and productivity depend, doom lies ahead. If a nation shuts off the productivity of its own people, by exporting jobs to foreign cheap-labor markets, the nation is headed for bankruptcy. If the state abandons responsibility for developing and regulating basic economic infrastructure and trade,



*“If the United States fails to demand the model of the American System of political-economy, of Hamilton et al., the model referenced by President Franklin Roosevelt, then the U.S. Constitutional system is doomed in any case, and Europe, almost assuredly, goes to spend a generation or more in Hell.”*

the nation will go bankrupt.

At that point we must emphasize a crucial problem of socialism. As the case of the breakdown of the Soviet economy illustrates that point, unless the role of creative private initiative is fostered, the resulting decadence of the economy will do to any economy what we witness in the outcome of the Soviet case. The achievements of the Soviet Union in developing military technologies, under extremely adverse economic conditions of the economy as a whole, are stunning. The civilian sector of state and other functions was a disaster, as criticisms published in Soviet economics literature showed in some detail. It was the denial of the “voluntarist” role of the individual creative mind, a denial organically embedded in the misconceptions of mind presented as “histomat” and “diamat,” and the related poor treatment of the relevant “intellectuals,” which is a leading clue to the self-inflicted aspects of the systemic failures of the Soviet system. It was the influ-

ence of the infatuated follower of Napoleon Bonaparte, G.W.F. Hegel, of the truth-denying Immanuel Kant, and of Thomas Huxley on Frederick Engels, which contributed substantially to the tragic paradox that a Soviet Union whose existence depended upon a crucial “voluntarist” role of V.I. Lenin, could make anti-voluntarism an article of state religious faith.

To the degree that professed socialists will rally to support the American System of political-economy against the “Adam Smith” capitalists, or outright fascism, or act to defend the general welfare against predators, that is praiseworthy. We happily accept such volunteers into our armies, but we must not overlook the ruinous consequences of the so-called “materialist” doctrine.

The problem usually posed by the socialists, is that they are “materialists” in the sense of the Eighteenth-Century Enlightenment. Although their compassion toward victims of injustice is commendable, no leadership of society is trustworthy unless it is self-governed by that sense of the human individual’s absolute superiority to, and separation from the beasts. As the systemic failures within the Soviet system illustrate, without the Classical humanist view of the human individual, no form of society could succeed. We may have common cause with those who resist what is plainly a wrong, but no ideological quiriness must be allowed to prevent us from those essential great works which only the Classical humanist standpoint has contributed to the existence of globally extended European civilization so far.

The American System of political-economy is already the best which has existed in the world so far. Therefore, it were sufficient to begin there. The best solution is to educate even those socialists, even kicking and screaming a bit, as they are wont to do, into comprehension of at least the rudiments of the American System of political-economy. It is our duty to educate them in this, in as fraternal a manner as is consistent with that mission.

### **Plato, Gauss, and Economy**

The pivot of all valid science and statecraft, is the fact that the human individual is set absolutely apart from, and above the beasts, by those creative powers whose typical expression is the discovery of an experimentally validated universal physical principle.

This definition of the species-distinction of the human individual dates, formally, from the work of Pythagoreans such as Plato’s friend Archytas. The most dramatic modern expression of this same principle respecting the distinction of man from beast, was Johannes Kepler’s unique discovery of a principle of universal gravitation, using the same methods employed earlier by Archytas and Plato. Gauss’s ruthless attack, in his 1799 clarification of *The Fundamental Theorem of Algebra*, upon the fraud of, most notably, Euler and Lagrange, typifies the way this distinction is expressed within the domain of modern mathematical physics. Notably, al-

though this 1799 paper was only the first step in Gauss's development of those general notions of physical-space-time curvature leading into the discoveries by Riemann, the paper is exceptionally notable for its featuring explicit defense of science against the ideological hoaxes typified by the relevant arguments of Euler and Lagrange, or Laplace, Cauchy, et al. later.

Focus upon the pivotal fact of Kepler's *The New Astronomy*. The refined measurement of the observed orbit of Mars, to the effect of uncovering the elliptical, rather than circular character of the planetary orbits, showed that the orbit was defined by that pervasive rate of change of velocity along the orbital pathway. From the standpoint of the Classical Greek tradition of spherics, this signified the active presence of an unseen, but efficient principle, causing a change at each absolutely infinitesimal interval of action along the orbital pathway. The effect was as if some function, invisible to the senses, was intervening efficiently at all absolutely infinitesimal intervals along that pathway. In Classical Greek terms, this invisible was the kind of mean function expressed by the doubling of the square, or, the double-mean doubling of the cube in Pythagorean's geometrical mathematical physics. The mathematical extension of the pre-Euclidean treatment of the line, square, cube, and, implicitly, Platonic solids, by Gauss's 1799 refutation of Euler and Lagrange, produced the first systemically rigorous modern notion of the complex domain of mathematical physics.

These conceptions by Gauss, et al., were already developed in a related way by Leibniz, in his own definition of both a catenary-curve-cued universal physical principle of least action, and his related definition of natural logarithms. However, the attempt by the Anglo-French Eighteenth-Century Enlightenment to suppress all of Leibniz's work, and also that of J.S. Bach, had produced a relative intellectual wasteland by approximately the close of the first half-century of European Eighteenth-Century culture.

Young Gauss first appeared as a public figure at the close of the second half-century, when he produced this remarkable 1799 paper and also his *Disquisitiones*. Under the conditions of demoralization which spread throughout Europe with the Jacobin Terror and Napoleon's tyrannies, the Classical humanist current, on which the American Revolution's success had depended for support, was crushed, increasingly, by a Romantic insurgency driven by the succession of the Jacobin Terror and the image of the Martinist beast-man Napoleon. In that setting of the early Nineteenth Century, Gauss did not sense himself free, any longer, to discuss openly the relevant discoveries in anti-Euclidean geometries until the discussion was forced upon him by the action of Jonas Bolyai et al., decades later. Nonetheless the relevance and validity of those discoveries of Leibniz, Gauss, Riemann, et al. has been conclusively proven, and therefore stands as a point of reference for insight into those characteristics of the human mind which distinguish human beings from beasts.

*This insight into the social implications of the principle of the complex domain, is the required basis for elementary scientific competence in economics.*

This insight defines the fundamental principle of the science of physical economy, as developed initially by Leibniz over the interval 1671-1716. My own discoveries in this field, during 1948-1953, account for my unique record of successes as a long-range economic forecaster over recent decades, and afford me seasoned qualities of insight into treating the great economic catastrophe now striking the planet as a whole. From my vantage-point in experience, the general nature of the required solutions is relatively obvious. For those too long subjected to the wicked fairy-tales of Anglo-Dutch Liberal economics, comprehension will be, understandably, slower in coming, and a more painfully arduous intellectual, and emotional exertion.

The most crucial of the causes of the mental anguish my words prompt in most economists and statesmen today, is the deeply embedded reductionist tradition, as that tradition is merely typified by the brainwashing in the traditions of the empiricist Eighteenth-Century Enlightenment, such as the work of the depraved truth-hater Immanuel Kant and such among his American followers as the pragmatists and existentialists of the Nineteenth and Twentieth Centuries in the U.S.A. I summarize, as concisely as possible, the relevant point I have elaborated in earlier published locations.

From the standpoint of the geobiochemistry of V.I. Vernadsky's successive development of the case for the *Biosphere* and *Noösphere*, the essential distinction of man from ape, is the fact that today's human population is several decimal orders of magnitude greater than would be possible for any species of higher ape. This signifies that the source of that gain is not genetically determined, but is the result of such mental quality lacking among the higher apes. The expression of that mental quality specific only to mankind, which Vernadsky identifies as *noësis*, is a capability which all of the empiricists, including I. Kant notably, deny to exist. One might say that in his writings, Kant made a monkey of himself.

The case of Kepler's unique accomplishment, in discovering a principle of universal gravitation, is typical of this specifically human quality of *noësis*. Like Plato before him, and also the Archytas who solved the geometric problem of doubling the cube by construction, any experimentally validated discovery of a universal physical principle defines a definite *mental object*, such as gravitation, which is not accessible to direct representation by the human sense-apparatus, but which man's knowledge enables him to use efficiently, as to increase mankind's power to control, and exist within the universe.

The efficient manner of explicit mathematical-physical representation of the efficient effect of these discovered principles is what Gauss defined as the complex domain. In addition to that which is known directly by sense-perception, an additional, universal physical principle is operating, invisibly.

bly, but efficiently, upon the same domain represented by relevant sense-perception. This added action is occurring in a different physical dimensionality than those implied in the geometry of sense-perception. So, the principle of gravitation is operating in a different dimension than the seen planetary orbit. Yet, the effect of its presence is both visible and determining. The process of change represented by the action of the principle is occurring at any possible interval of categorically infinitesimal part of the visible trajectory of the planet; such are the implications of the elliptical orbit.

Through experimentally validated discoveries of such universal physical principles, mankind is able to increase our species' power in and over the universe, as no other species can. The accumulation of these discoveries, and familiarity with their willful employment by mankind, is the functional source of man's increased potential relative population-density and life-expectancy as a species.

These types of universal principles are essentially two. The first type refers to the relationship of the noëtic powers of the individual human mind to the physical universe. The second type refers to efficient principles of social relations, respecting the way in which human minds may cooperate to develop the forms of cooperation which are needed to promote the continuing processes of discovery of physical principles, and the effective use of such principles discovered. The characteristic form of this second class of universal principles, is the principles of Classical artistic composition and performance. The U.S. Declaration of Independence and Federal Constitution, are among the examples of the principles of social relations derived from the work of Classical artistic composition. The role of Plato's dialogues in developing within statesmen and citizens the mental powers to meet the challenges of government, is an example of this.

In both cases, the universal principles which have enabled the human species to soar above the stagnating power of the higher apes, exist for the mind only in the same domain of the imagination as the principle of universal gravitation. This is the case of the work of physical science, of Classical artistic composition and performance, and statecraft.

One more point in this direction is crucial.

The distinction of the modern sovereign form of nation-state which first emerged during Europe's Fifteenth-Century Renaissance, is that, in principle, it banned the continued practice of all known society before then, the practice of reducing the greatest part of the population to the functional state of human cattle, either wild creatures to be hunted down, or herded cattle to be kept, bred, worked, and culled. The potential intellectual powers of the nation were spoiled in this way. The human potential of those treated as cattle was largely undeveloped, and those who herded human cattle reduced themselves morally to the species-status of those they herded. So, despite all those and related evils of modern European society to which I have referred here, and others besides, the quality of the average person in modern European civilization

is of a higher order than in ancient or feudal society.

If we keep men and women as they were cattle, we surround ourselves with a society which drags us all down, morally and otherwise. Your brutalized neighbor's follies, become the afflictions of you and your children.

Therefore, the cultural development of each and all of the members of a society is the principal immediate self-interest of that nation's internal affairs. On that account, we must foster the development of the given language-culture adopted by the nation in such ways as to make that language a medium of communicating those ironies through aid of which existing ideas of principle are transmitted, and additional ideas of such quality generated. A community of sovereign nations so defined, is a precondition for lifting humanity above the perennial descents into relative bestiality which have afflicted our species for so long. The sovereign nation-state is therefore properly understood as a fundamental principle of universal natural law.

This means, that the notion of the human individual in society must be elevated above the relatively bestialized status specified by reductionist conventions such as empiricism, Kantianism, pragmatism, positivism, and existentialism. To this end, the emphasis must be placed upon the reality what Gauss defined as the complex domain. This is to emphasize that what the senses show us is only the shadow which the real universe's effects cast upon our highly imperfect powers of sense-perception. It is through the discovery and mastery of those efficient universal principles which act from beyond sense-perception, that mankind is able to increase its power to exist in the universe, and to recognize in this achievement that species-nature of each and all persons which connects the generations of the most remote past to us, and to those of our most distant future. So, we are enabled to define the permanent place we choose to adopt for our existence in the past and future as much as the present of humanity. Then, we know ourselves to be truly human, and we secure, thus, the power of passion to meet challenges which were otherwise emotionally and intellectually beyond our reach.

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### 3. The Alliance of the Americas and the U.S.A.

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At the present moment, Europe and the U.S.A. are bankrupt, and, if the presently institutionalized policies of those nations continue, there would be no hope of recovery of those nations in a presently recognizable form. Therefore, we must combine the efforts among our nations to make the certain urgently needed, somewhat radical institutional changes in practice, which will bring us safely and, ultimately, prosperously, out of an unavoidable reorganization in bankruptcy.

Our commitment to such cooperation, will clear away many of the obstacles to forming a new system of global



*The U.S.A., the U.K. and other formerly leading producer powers, have transformed themselves into what are presently virtually bankrupt, post-industrial pleasure-seeker societies, feeding themselves on the exploitation of the cheap labor of nations whose currencies have been driven down to ever lower relative values. . . . The present pleasure of the few is supplied at the price of not only the growing pain of the increasingly many, but the threatened common, ultimate doom of them all.” (The boy making softballs is in Guatemala.)*

cooperation around the theme of establishing a just new world economic order, an order which rejects the pro-bestial notions of Thomas Hobbes and John Locke, in favor of the principle of “the advantage of the other” which was the cornerstone of the 1648 Treaty of Westphalia.

In Europe, there is a hint of motion in needed directions, by the emergence of the Tremonti Plan and the proposed role of the European Investment Bank. Unfortunately, although the proposals are sweet in intention, they are pathetically inadequate in scope. Two hundred billions euros is a pitiful sum of capital when compared with the per-capita rate of long-term capital investment, in the order of EU100,000 needed to raise the level of employment and output of even the hundreds of millions of people of Europe, let alone the billions of people of Eurasia. In other words, our minds must think in terms of a rate of physical-capital formation consistent with the requirements of a world economy priced at more than EU40 trillions; we should be aiming for a rate of net physical-capital formation, as growth, of not less than EU2 trillions euro per year globally. Presently, both Europe and the U.S.A. are operating at a substantial net loss in real terms, with economies

hovering at the brink of a sudden collapse comparable to the approximately 50% collapse experienced by the U.S.A. during the 1929-1933 interval.

The form of organization of economic recovery in Eurasia presently, depends upon rates of capital formation aimed in the directions which those rule-of-thumb indicators imply. The market-potentials for launching real economic growth in upward directions, lie chiefly in the opportunity for large-scale commitments of western Europe and Japan, typically, to meet the enormous physical-capital requirements of the development of East, Southeast, and South Asia. This depends upon a specific role of Russia, as a specifically Eurasian nation and culture, as complemented by the role of Kazakstan. Otherwise, no possible recovery of Europe from its ongoing plunge into a deep depression were possible.

Such a trade-related process of internal Eurasian recovery and growth, would be heavily concentrated in large-scale, long-term capital formation in basic economic infrastructure. This is required to meet the preconditions for increases in productivity of enterprises and the population; investments in long-term development of public infrastructure are the most appropriate subject of the needed long-term treaty-agreements among states, through which international credits are generated to allow such multinational development programs to proceed.

The sources of private financial capital would be pathetically inadequate, and almost non-existent today, Several conditions must be satisfied to allow recovery/growth-rates on the indicated scale to occur.

1. There must be a general reorganization-in-bankruptcy, by the sovereign, natural-law powers of governments, of the existing monetary-financial systems.
2. A fixed-exchange-rate, regulated monetary system must be created to support long-term credit and investment at rates not in excess of 1-2% simple interest. The original Bretton Woods system is a model of reference for emergency long-term agreements among governments to such effect.
3. New credits for long-term capital-formation programs must be generated by the sovereign powers of government, either as credit issued by governments as monetary aggregate, or, long-term credit created in the form of treaty-agreements among governments.



*“Actually, Columbus led a voyage of rediscovery of the American hemisphere. . . . His map had been drawn for him by the Italian, Toscanelli, one of the leading scientists of Renaissance Italy, and an associate of that German, Cardinal Nicholas of Cusa, who had founded modern experimental science. That map was made possible by the work, circa 200 B.C., by an Egyptian scientist, Eratosthenes.”*

4. The paradigmatic basis for generation of credit must emphasize long-term capital formation, chiefly in basic economic infrastructure, calculated on a quarter-century to a half-century maturity of physical-capital formation.

Clearly, the possibility of making such indispensable reforms depends on the leading role of the U.S.A., provided the President of the United States were of the disposition of President Franklin Roosevelt. The effort to secure such a role from the U.S.A., would be the orientation of any prudent government in Eurasia, in particular.

Presently, the relevant impulses from Western and Central Europe in such directions have the following notable features.

The possibility of such Eurasian agreements depends essentially on the kernel of development represented by the grouping of nations around the Russia-China-India Strategic Triangle. Such cooperation provides the partner for Western and Central Europe's large-scale, long-term cooperation with development in Eurasia as a whole. This must envisage this role of cooperation for development within Eurasia, as the pivot for the development of a global system of monetary-financial-economic cooperation in trade and development of the world at large. This suggests the assumption of the existing IMF and World Bank, as effectively bankrupt systems, by the responsible sovereign governments, who take those institutions into receivership for financial and related reorganization.

In effect, this points toward reorganization of the relevant institutions of the international economy itself along the lines of the American System of political-economy, the system of national economy as understood by Alexander Hamilton, the

Careys, and Friedrich List. This is the only model which is available to replace the Anglo-Dutch Liberal system of those independent central-banking practices which must be abandoned if any actual economic recovery is to occur. This will not be, and must not be an invasion of the sovereignty of the nation-state. Within that international framework, each nation is sovereign; the international system provides the framework within which each operates in partnership with the others.

It must be emphasized, that money is an idiot, which knows nothing, and can make no rational decisions. Money must be a sovereign creation of government, which must regulate the generation and circulation of currency and related credit, to such effect that the prices of a standard market-basket of goods do not rise, as the pedagogical Triple Curves reflect the way this inflation has occurred under the floating-exchange-rate system. If we do not regulate to maintain a fixed exchange-rate system, it were impossible to maintain actual long-term credit at 1-2% rates of simple interest. If we do not force money to behave within national economies, as among nations, the system of recovery will break down.

### **Infrastructure and Productivity**

There is nothing arbitrary in the requirement that about half, or more of the total physical-economic throughput of a national economy (and world economy) must be represented by investments in capital formation and operations of what is broadly defined as basic economic infrastructure. Typical are mass transport of people and goods, general water management and sanitation, generation and distribution of power of rising energy-flux-density, urban development, systems of public sanitation, and social welfare systems which include health-care and educational systems.

Ivory-tower academics and simple-minded gossips tend



to suggest that an economy is the sum-total of actions by individuals within society. The lunatic ideology of “free trade,” which has done so much to destroy the U.S. economy during the recent decades, assumes that the cheapest price, or the highest rate of profit, are the properly controlling determinants of economic activity. The result of the practice of such ideologies is, as the recent three decades and more have demonstrated in the U.S., Europe, and elsewhere, a cancerous destruction of the capital structures of agriculture, industry, and such essential elements of basic economic infrastructure as transportation, power generation and distribution, water management and sanitation, and social welfare systems, and a general collapse of the level of living standard, life-expectancies, literacy, and sanity, of the majority of the population.

Today’s typical monetarist ideologue or his dupe, has no comprehension of the functional notion of *physical capital*. He does not grasp the relationship between the productivity of a member of the labor-force and the physical standard of living and cultural characteristics of the relevant household. He does not grasp the relationship between physical capital formation at the legendary point of production and productivity. He does not grasp the fact that it is basic economic infrastructure, that largely provided as public capital investments (and their costs) which determine the relative productivity of employed labor. The estimate of the needed rate of capital investment and related costs of basic economic infrastructure of a national economy as about half or more of the requirement of a modern economy, is overlooked.

Nor does the typical such ideologue understand much of anything at all about the role of technological progress in determining productivity. It is the development of the use of newly discovered universal physical principles—the technological factor in productivity, which is the principal source of increase of productivity, and, therefore, of absolute (i.e., physical) profitability. He does not recognize the way in which technological advances in basic economic infrastructure will determine the difference in relative physical productivity between poorly developed and more developed national economies. He does not understand the relationship between the level of Classical humanist culture practiced by a society and the relative level of social potential for scientific and technological progress of a nation.

Attention to a crucial feature of cooperation among Russia, China, India, and their neighbors, brings an added dimension of the challenge of infrastructure into focus. Call this the Vernadsky factor, so named after V.I. Vernadsky.

The composition of our planet is the interaction among three phase-space domains. These are, first, the portion of the planet which originates from what are defined experimentally as abiotic processes, second that portion of the planet composed of either living processes or fossil remains of living processes (the *Biosphere*), and that portion of the planet which is uniquely the activity and product of those creative powers of the individual human mind by means of which discoveries

of fundamental universal physical principles are effected and the fruits of those discoveries implemented (the *Noösphere*).

Much of the mineral resources required by, among others, the future populations of East, Southeast, and South Asia, reside in a region of central and north Asia, which is variously arid, semi-arid, or Arctic. The development of these resources will require relatively dense human habitation and associated large-scale and other infrastructural development. Furthermore, much of the mineral deposit there is to be found as the fossils of living processes, which had collected and deposited such residues there. In some instances, the rates at which mankind is estimated to be drawing down some of these essential resources is running ahead of the rates of natural replenishment. Science and appropriate development of basic economic infrastructure does afford approaches to overcoming such potential obstacles, but we must obviously begin working on the fundamental-scientific and other developments this implies.

We have comparable situations in other continents, and related challenges in the world at large. We have thus entered a new age in economy. In this setting we must no longer rely on merely drawing down crucial resources; we must assume the responsibility of generating those resources. In other words, we must reach back to a point prior to mining, to develop that which is presently mined. We must, in effect, farm the entire planet as a technologically modern family farm manages both the productive and reserve land of the farm.

This looming mission-oriented challenge to our planetary civilization, puts all of our planet’s nations as if in one boat, on this account. This implicitly defines a new world order of two ironically complementary features. On the one side, perfectly sovereign nation-states. On the other side, cooperation among sovereign nations toward common solutions for the global problem posed, in exemplary fashion, by a new, Vernadskyian dimension in science and technology.

The distinguishing feature of such a set of changes in emphasis, is the economy-driven basis for the understanding that we must now enter into a new world-order, a community of respectively perfectly sovereign nation-state republics.

As John Quincy Adams’ crafting of what become known as the 1823 Monroe Doctrine attests, it is but a step from Adams’ projection of a community of principle among the sovereign states of the Americas, to rise to the larger goal of a global community of perfectly sovereign, globalization-free nation-state republics. This intention is implicit in the processes by which the U.S.A. was brought into being by modern European civilization. Europe must now adopt that child it helped to create, the idea which was the intention of the U.S.A.’s creation. This agreement as to matters of principle between Europe and the U.S.A., applied to the urgency of the general reforms I have outlined here, then becomes the role of globally extended European civilization, in defining a new quality of relationship to the nations of Asia and Africa, as well as those of Central and South America.

# What Is European Civilization?

This extended footnote provides the reader an overview of those highlights of ancient through modern European history which must be required, as available reference, to assist readers approaching the subject of this report. Inevitably, there is, and there must be, some limited overlap between the content of this appendix and the body of the text to which it is attached.

For the purpose of this report, I have defined "European civilization" summarily in the following terms.

The positive features of the development of European civilization, as rooted in the questions implicitly posed by the *Iliad* and *Odyssey*, are also traced by me, to included earlier roots in the Great Pyramid-building tradition of Egypt. I trace the emergence of the development of specifically European civilization's roots, as such, from within ancient historical Greece. I emphasize such crucial points of reference as Thales, Solon, and the school of Pythagoras. I trace the crucially positive features of that legacy, from that time to the present day, as running through the Socratic dialogues of Plato and to such later representatives of his Academy as that spectacular genius of physical science, Eratosthenes.

The most clearly typical, and most rigorous proof of this debt of Greece's Classical culture to its Egyptian cultural root, is the role of what the school of Pythagoras defined as "spherics." By "spherics" was meant that astronomy-based development of what is known variously as the "pre-Euclidean" or "anti-Euclidean," constructive geometry which was reflected in modern times in the work of modern scientists such as Gauss, Riemann, et al.

The method of constructive geometry associated with Pythagorean "spherics," is not only the basis for development of the competent varieties of modern mathematical physics. It was also the source of the characteristic feature of the Socratic-dialectical method of Plato's dialogues, and of the entire sweep of the Classical tradition of the Plato Academy through the work of Eratosthenes. That ancient legacy is also the modern tradition of opposition to the reductionism of Galileo, Locke, Descartes, Euler, Bentham, Kant, et al., a systemic opposition which was already rooted in the Classical Greek. For example, this anti-reductionist legacy of Plato's Greece, is the modern physical science tradition of Nicholas of Cusa and such among his followers as Leonardo da Vinci, Johannes Kepler, Leibniz, Gauss, and Riemann.

Yet, the legacy of ancient Greek also has an opposing, dark side. This opposing current, is to be traced as Friedrich Schiller emphasized this duality in his Jena lectures. Ancient Greece's legacy includes a tragic element expressed by the

presently continuing, millennia-long war, between the opposed traditions of Solon and Lycurgus. This war is to be recognized in Socrates' opposition to the Classical precursor of modern fascism, Thrasymachus. That legacy is continued till today as the heritage of the opposition of Socrates and Plato to the Sophists and to their continuing influence in such guises as the denial of an essential distinction between man and beast.

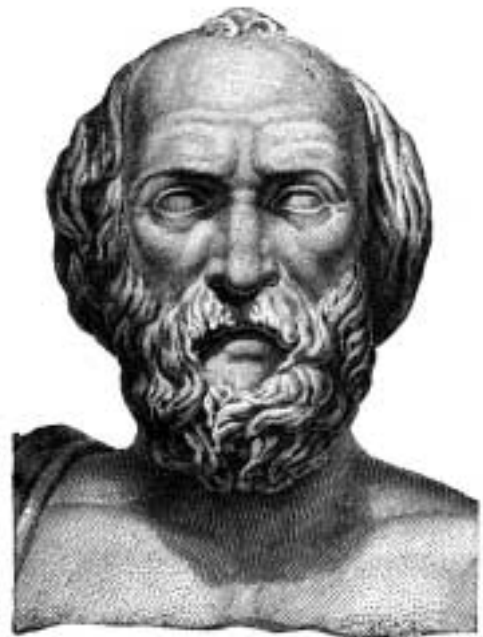
This dark side is expressed today as the denial of man's essential distinction from the beasts, a denial embedded systemically in such expressions as the irrationalism of the medieval obscurantist William of Ockham and reductionist Paolo Sarpi's revival of Ockham as modern empiricism.

From the standpoint of the modern mathematical physics of such as Nicholas of Cusa, and such of Cusa's followers as Johannes Kepler, Gottfried Leibniz, Carl Gauss, and Bernhard Riemann, the essential contribution of ancient Greece, through the work of Plato, is reflected in the notions of pre-Euclidean constructive geometry which Plato traced explicitly from the study of the principle of astrophysics ("spherics") by the school of Pythagoras. The Socratic dialectic, as applied by Plato to both principles of physical science and social processes, is our earliest known, rigorously systemic definition of the absolute distinction of the human species from all lower forms of life. Hence, for Christianity, as for Moses Mendelssohn, Plato's Socratic definition of the knowable existence of the human individual soul, defines the foundation of all of the most essential and positive, social, political, and physical-scientific contributions supplied to civilization by European civilization in general.

*In modern times*, Kepler's uniquely original discovery of the principle of universal gravitation, typifies the mathematical distinction between the quality of sense-perception granted to lower forms of life, and the power of knowing those efficient, universal physical principles of the universe which lie beyond the direct powers of sense-perception. That method of the Socratic dialectic employed by Kepler, is, as Plato emphasized in locations including his *Parmenides* dialogue, the same method of discovery demonstrated by the Plato's contemporary, the Pythagorean Archytas, as in the example of Archytas' solving the challenge of doubling a cube by no method other than construction. That, as demonstrated afresh by young Carl Gauss's 1799 definition of The Fundamental Theorem of Algebra, is the Classical method of scientific discovery, and also of Classical artistic composition and political knowledge.

As Archytas' work illustrates the principle, the work of the Classical school of physical science, from Socrates and Plato, through Cusa, Kepler, Leibniz, J.S. Bach, Gauss, and Riemann, has produced the greatest contributions of modern European physical science from that conception of man and nature which was already axiomatic to the ancient Greek Classical standpoint.

That is the elementary demonstration of the distinction of man from beast. That is the key to a rigorous understanding



*In extended European civilization, “the legacy of ancient Greece also has an opposing, dark side. This opposing current, is to be traced as Friedrich Schiller emphasized this duality in his Jena lectures. Ancient Greece’s legacy includes a tragic element expressed by the presently continuing, millennia-long war, between the opposed traditions of Solon [Athens’ lawgiver, left] and Lycurgus [the lawgiver of Sparta, right]. This war is to be recognized in Socrates’ opposition . . . to the Sophists and to their continuing influence in such guises as the denial of an essential distinction between man and beast.”*

of both the term “modern European civilization,” and today’s continuing effort to destroy that civilization by forces seeking to turn back the clock of history to ancient and medieval ways. That distinction is the basis for the relevant notion of human progress.

*Modern European civilization*, as distinct from its earlier, ancient and medieval forms, came into existence through the Fifteenth-Century Renaissance’s founding of the modern sovereign form of nation-state. By modern European civilization, we should intend to say, that no longer can we allow those kinds of governments that pursue those kinds of policies among nations, under whose law and custom some men be permitted to hunt or herd other people as human cattle. Instead, the right of any form of the state to exist, must be measured according to its efficient accountability for the promotion of the general welfare of all of the people and their posterity. Since that time, even despite such subsequent horrors as the attempt to return to medieval systems, which was the prompting of the Venice-orchestrated, reactionary religious warfare of the 1511-1648 interval, European influence has supplied an increasingly powerful impetus for progress among the cultures of humanity as a whole. The emergence of the modern notion of sovereign nation-state, and of physical science, as the fruits of study of those means by which the interest of all of the people are served, are interdependent products of this great revolution in political and related forms of culture which was brought into existence through the im-

part of the Italy-centered, Fifteenth-Century Renaissance. That should be the intent of the words “modern European civilization” today.

*Unfortunately*, the influence of the combined effects of the history of modern Europe. has been, like the history of ancient Greece itself, both negative and positive.

Despite the negative features, over the span of modern history, from the Fifteenth Century until recently, the power of man per capita in the universe, had increased. This gain persisted, unevenly, but continuously, largely through the impact of the distinctive, specific features of modern European civilization as such. The development of the modern sovereign form of nation-state and the related development of modern physical science, have been beneficial for humanity generally.

Yet, the ancient evil often mimicking the tradition of Lycurgus, has tended to bring even modern European culture, and Europe itself, to a kind of self-inflicted doom akin to that which overtook Athens with the folly of the Peloponnesian War. The two so-called “world wars” of the past century typify such self-destructive impulses, as did the so-called “Cold War” which Bertrand Russell, Winston Churchill and Harry Truman launched during the times immediately following the events of June-July 1944.

*My U.S.A.*, for whose 2004 election as President I am among the several leading candidates today, had emerged as a leading edge of European civilization, from its principal

beginnings in the Massachusetts Bay Colony of the Winthrop and Mathers. As my late colleague, the historian H. Graham Lowry, documented, after the beginning of the Eighteenth Century, the formerly leading role of a partially crushed Massachusetts was assumed by leading circles which came to be associated with Benjamin Franklin, in Pennsylvania and Virginia. It was the contributions of the greatest Classical humanist intellectuals of the pre-1789 portion of the late Eighteenth-Century Europe who made possible that development and establishment of U.S. Federal Republic.

The mission of that U.S.A. of 1776-1789, as seen with the eyes of the great humanists of Europe then, was to have become, as Lafayette expressed this, a temple of liberty and beacon of hope for all mankind. The U.S.A. was an intended product of modern European civilization's effort to use the creation of the North American republic as the precedent designed to rally a similar, great reform within Europe itself. That hope withered considerably, in the wake of July 14, 1789; Schiller described this aftermath of July 1789 as the widely demoralizing effect, throughout Europe of that time, of France's wasting a great moment of opportunity by leaving that great opportunity in the hands of a little people.

Instead of great intellectuals of France such as Bailly, the opportunity of 1789 France fell into the agents of the personal assets of the British East India Company's Philippe Egalité and Jacques Necker, agents of British intelligence's Jeremy Bentham as Danton and Marat, and, in general, the Martinist freemasonic cult of Cagliostro, Mesmer, Joseph de Maistre, et al., which ran both the Jacobin Terror and the tyranny of Napoleon Bonaparte. Great scientists of France such as Bailly and Lavoisier were butchered by the British monarchy's tools in revolutionary France; the Lafayette portrayed by Beethoven's opera as Florestan, was sent into a Habsburg dungeon by order of Pizarro (William Pitt the Younger), and much of the core of France's natural leadership decimated, en masse, in similar way. The men of little minds and still lesser morals took charge; to the present day, Europe has not fully recovered from that awful experience of 1789-1815, nor the later wars of 1914-1917 and 1939-1945. Awful experiences like that leave deep scars on the soul, even into many generations later.

Largely as a by-product of those 1789-1815 events, since the crisis of Europe set off in July 14, 1789, the relations between my republic and Europe have often been troubled ones, as, once again, since the 2002 developments under the influence of its pro-fascist Vice-President Dick Cheney and Attorney-General John Ashcroft.

*Until radical changes in world monetary affairs launched from the U.S.A. beginning 1971-1972, the most frequent sources of conflicts between Europe and the U.S. republic had been from within Europe itself. At the time the U.S. Federal Constitution was first set into place, in 1789, forces in Europe, including leading opponents of Europe's Classical humanist currents, had acted with the intent to prevent American-like republics from coming into being in Europe. These opponents included leading forces within Britain, France, and Habsburg*

circles These forces, steered initially, then, by the British East India Company's Lord Shelburne, launched an orgy of terror in France, through Shelburne's use of the self-styled Martinist cult and its financial backers on the continent of Europe. The aftermath of the events of late 1789 included the Martinist-directed evils of both Napoleon's wars and the combination of the orchestration of the Congress of Vienna and the Carlsbad decrees. These combined developments of 1789-1815, and later, more or less ruined the cause of freedom in Europe at that time, leading Europe and the U.S.A. ultimately into what became the two so-called "world wars" of the Twentieth Century, and the eruption of fascism in Europe, and the Spanish-speaking Americas, during the interval from 1921-1922 through 1945.

Specifically, in the aftermath of the first of those two "world wars," the Martinist association, which had become known as the Synarchist International, produced the so-called fascist dictatorships of Mussolini's Italy, Hitler's Germany, Franco's Spain, and others. This set of dictatorships from the 1922-1945 interval, then in alliance with Japan, were aimed, in June 1940, for world conquest through an intended short and conclusive war against the Soviet Union, and, after that, the use of the vastly superior combined naval power of Germany, Great Britain, France, Italy, and Japan, for the destruction of the U.S.A. The collaboration between Franklin Roosevelt and Winston Churchill, as later augmented by the role of the Soviet Union, doomed Hitler's world-imperial ambitions then; but, the same Synarchist tradition, operating from within both Europe and the Americas today, is key for understanding the presently emerging threat of a spreading set of wars among asymmetrically arrayed, nuclear-armed strategic forces throughout the world.

*The notable difference between the modern world history from the 1648 Treaty of Westphalia and the period since 1945, is the combined impact of a conflict between development of new technologies and of policies which are intended to reverse the direction of development away from technological progress. At the center of this change has been the policy, introduced during 1939-1946, by Bertrand Russell, of developing weapons for the purpose of conducting "preventive nuclear wars" which were intended to induce nations to surrender to Russell's and H.G. Wells' schemes for "world government."*

During the mid-1950s, the U.S.A.'s greatest living general officer of that time, General of the Armies Douglas MacArthur, produced a remarkable testament on the issue of future war: *A Soldier Speaks: Public Papers and Speeches of General of the Army Douglas MacArthur*. He emphasized then, as do many of us in the U.S.A. and Europe still today, that the technology of warfare, especially nuclear warfare, has changed to the point that wars among principal powers and coalitions have developed such an accelerated capacity for general destruction, that great wars as we have experienced them in the past, are no longer tolerable. Yet, it should be added, that the greatest danger from war has come chiefly

from pacifists such as that Bertrand Russell who crafted the 1940s utopian doctrine of “world government through the terror of preventive nuclear warfare.”

On the other side, the fear of nuclear warfare, especially since the events of 1962, has been expressed as a fiercely irrational, lemming-like panic, a Dionysian (Aquarian) panic against scientific and technological progress. The development of computer and related technologies have been useful; however, a cult of “information theory,” concocted by such radically positivist devotees of Bertrand Russell as Norbert Wiener and John von Neumann, has been used to undermine the former commitment to technological progress in production and in development of basic economic infrastructure. The argument for such opposition to technological progress, has been to the effect that the advent of the nuclear age has shown that the process of application of newly discovered physical principles must be checked, even reversed. For those sharing that hostility to scientific progress, only new mathematical rearrangements of existing principles of technology should be tolerated, as by “information technology,” In net effect, the 1966-2003 trend has been a turning toward backwardness and spreading misery of peoples.

Yet, that post-1964 trend of change in the thinking of globally extended European culture taken into account, we have the following threatening situation. With the stated, implicitly Synarchist U.S. doctrine which the neo-conservative accomplices of Vice-President Cheney inserted into President George W. Bush, Jr.’s January 2002 State of the Union address, and since the launching of the U.S. war against Iraq in furtherance of the policy delivered in that address, the world is careening toward precisely the kind of awful military folly against which General MacArthur warned.

There is an alternative to such an awful threatened outcome. There is an alternative to the fatal utopian follies of impulses in the direction of replacing the sovereign nation-state with some approximation of “world government.” That has been my continuing concern over decades. It is my immediate concern expressed in the accompanying report.

## **The European Origins of the U.S.A.**

On that account, today, we must remember, and understand the purpose of Europe in its long struggle to establish sovereign nation-states. That purpose was to free Europe, and the churches, from a Romantic tyranny of imperial, brutishly utopian ultramontanist. We must not be so foolish as to give up that hard-won accomplishment of post-Fourteenth-Century introduction of modern European civilization based upon the adoption of perfectly sovereign nation-states, a modern Europe expressed by the great ecumenical Council of Florence and the establishment of perfectly sovereign, pioneering forms of nation-state republics in Louis XI’s France and Henry VII’s England.

That is the form of republic, sometimes called a “commonwealth,” which is committed constitutionally to those great principles echoed in the Preamble of the U.S. Federal

Constitution: the obligation of self-government to be ruled by efficient devotion to the three great principles of *sovereignty*, *the general welfare*, and *posterity*. This set of principles must be seen today as principles traced from the ecumenical spirit of the Fifteenth-Century Golden Renaissance, and from that 1648 Treaty of Westphalia’s principle, of “the advantage of the other.” which ended the savagery of nearly a century and a half of religious warfare among nations and peoples of Europe.

Respecting those European origins of the U.S.A. relevant to this report, the content of the following summary must be taken into account.

The Fifteenth- and Sixteenth-Century development of Europe’s transoceanic exploration and settlements, was set into motion by Cardinal Nicholas of Cusa’s initiative for Transatlantic and Indian Ocean voyages of exploration. The 1492 voyage of Columbus, for example, was the result of a project developed by Cusa’s associates, a project based upon inclusion of ancient knowledge, as from astronomical measurements by Eratosthenes, of the circumference of the Earth. The Habsburg accession to the recently established throne of Spain, was the pivotal feature of a wave of reactionary wars, chiefly religious warfare, organized by Venice, and spread throughout Europe. This state of affairs, and its sequels, in Europe, was the most important factor in the extensive colonization of regions of North, Central, and South America. The Seventeenth-Century Massachusetts Bay Colony under the leadership of the Winthrops and Mathers, followed by William Penn’s Pennsylvania, is the most relevant typification of that process.

The roles of Jules Cardinal Mazarin and his collaborator Jean-Baptiste Colbert, toward ending the 1618-1648 Thirty Years War in Central Europe and launching a post-1648 upsurge of science and economy, produced the circumstances under which it became possible for European civilization to enjoy the development and influence of Gottfried Leibniz, the greatest philosopher, scientist, and political economist of his adult life-time. The revival of the influence of Leibniz and of J.S. Bach, during the second half of the Eighteenth Century, produced the Transatlantic conspiracy centered around Benjamin Franklin, which created the U.S.A., and the authorship of the U.S. 1776 Declaration of Independence and the 1787-1789 Federal Constitution.

Leonardo da Vinci, the avowed follower of Cardinal Nicholas of Cusa, and the Kepler who was the avowed follower of both Cusa and Leonardo, are the foundations of all the crucial development of modern science by Leibniz and his immediate collaborators. The great European Classical Humanist renaissance of the second half of the Eighteenth Century, notably that around the circles of Abraham Kästner, Gotthold Lessing, Moses Mendelssohn, et al., was the European basis for the development of both Franklin’s leadership and the mobilization of European support for the cause of American independence. It was this tradition, and these circles which crafted the intention for the design of the U.S.

republic; it is those principles, so introduced there, which express the unfulfilled intention for the design of the sovereign republics of Europe, still for today.

Against that background, the necessity for the strictly defined form of sovereign nation-state, free from encumbrances of the utopian delusions of world government, or the like, defines the U.S.'s own constitutional notion of perfect sovereignty as the only kind of institution consistent with individual human freedom. The crucial proof of this point, may be summed up as follows.

The principle of Classical humanist art and politics, is the principle of artistic irony, as employed in great Classical composition and performance of drama, poetry, music, and also the plastic arts. This principle, as made most transparent by Classical humanist conceptions of science and art, and the related development of literate forms of language, defines the meaning and necessity for the sovereign nation-state.

The meaning of civilized speech can not be found in dictionaries, but only intended meanings which lie between the cracks of contrary significances in explicit utterances. On this account, Classical art differs fundamentally from its putative rivals, in respect to the most essential kind of social function of this rigorous Socratic principle of ambiguity essential to literate communication of ideas. Literal meanings point typically to sense-perceptions; Classical irony points, as do discovered universal physical principles, to meanings whose ref-

erents lie between the cracks of sense-perception.

The legacy of ironies embedded in the use of language and art by a people, is the means by which discoveries of principles are shared among that people. Stripped of the national idiosyncrasies of irony embedded in those languages, the individual has no ready means for deliberating upon the principles which his or her society must adopt. Stripped of that feature of a national culture, the individual has no meaningful freedom to determine the policies of his or her society in a rational way. Hence, as under the ancient Roman empire, or medieval European ultramontanism, any form of world government degrades the people of the world to a state of relatively bestiality, to the virtual status of human cattle. World government in any form, is dictatorship by beasts over men and women herded or hunted as cattle are. Without this role of a sovereign form of a language being developed according to the Classical principles of irony toward which I have pointed, no people could actually understand the culture of their own nation, or that of any other.

On this account, we, as the sovereign nation-states of Europe and the Americas, the principal heirs of European civilization since ancient Greece, must never give up the principle of national sovereignty; but, at the same time, we must now establish new forms of cooperation, not against states of other traditions than our own, but in that quality of principled cooperation with them which the 1648 Treaty of Westphalia defined.

To that end, our goal must be the establishment of a true community of principle among sovereign nation-states. The principle which unites these states to common end, must be the same; but the means by which the pursuit of that purpose must be ordered, must express the principle of irony by means of which a language may be used to establish both a people's knowledge of a principle and the efficient utilization of that principle under the circumstances at hand.

To this end, we heirs of modern European civilization must act, first, to settle certain historical, philosophical accounts among ourselves. We must finally secure the victory of Solon over Lycurgus within European culture; we must establish afresh the commitment to sovereign government among nations, and relations among peoples consistent with the principle of the absolute distinction of man from beast. Settling that account now, restoring that commitment among ourselves now, is the precondition for the quality of broader, global cooperation needed to secure, quickly, a reasonable assurance of durable global peace for the present and future. The report to which this note is attached, is presented as such a proposed policy proffered by one among the presently leading candidates for the 2004 U.S. Presidential election. My mission is to lead the development of relations among peoples to the shores of a new arrangement among nations, the world community of respectively sovereign nation-states which was already implicit in the stated intentions of Franklin Roosevelt for a de-colonized post-war world.

## Kepler's Revolutionary Discoveries

The most crippling error in mathematics, economics, and physical science today, is the hysterical refusal to acknowledge the work of Johannes Kepler, Pierre Fermat, and Gottfried Leibniz—not Newton!—in developing the calculus. This video, accessible to the layman, uses animated graphics to teach Kepler's principles of planetary motion, without resorting to mathematical formalism.

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# LaRouche Addresses Swiss, Italian Leaders on Chance To Solve Crisis

by EIR Staff

Democratic Presidential pre-candidate Lyndon LaRouche visited Switzerland and Northern Italy on Oct. 9-12, organizing industrialists, *EIR* readers, and youthful supporters to see how Europe can intervene to help solve the global economic and political crisis—at a time when most Europeans are deeply dismayed at the present imperial course of U.S. foreign policy. “It is an irony of history, that the greatest achievement of mankind come as a response to the worst dangers to mankind,” LaRouche began his Oct. 9 talk in Chaux de Fonds, Switzerland. He then elaborated on the dangers, why they have arisen, and the solution which is found uniquely in the approach of the American System, which he represents.

LaRouche’s visit to Switzerland was his first formal address in that bank-rich nation, and it reflected the qualitative increase in his intellectual influence in that republic. His invitation came from the prestigious “Club 44” of Chaux de Fonds, which has previously hosted such figures as Pierre Mendes-France, François Mitterrand, and Valéry Giscard d’Estaing. The cultural director of the Club noted that the address was taking place “in a period of history where men of vision are needed and so few are found.”

In northern Italy, LaRouche addressed an international conference on information technology and poverty in Vicenza, and a group of supporters in Milan, where the Solidarity Movement, the association of the LaRouche movement in Italy, is headquartered. In addition to discussing the prospects for solving the economic crisis through the New Bretton Woods and Eurasian Land-Bridge, the Presidential candidate emphasized his campaign’s influence and strategy in the United States, against California Gov.-Elect Arnold Schwarzenegger, and the Cheney cabal in Washington.

## The View from the Alps

As LaRouche has frequently explained to his supporters in the United States, trips such as these are an essential part of building the basis for a future positive foreign policy for the United States, especially in the midst of the growing hostility toward the United States due to the Bush Administration’s current policy.

LaRouche’s invitation to Chaux de Fonds, in the French-

speaking part of Switzerland, created quite an uproar, including a slander in the most prominent francophone newspaper of Switzerland, *Le Temps*, on the day he arrived. (Its author, U.S. correspondent Alain Campiotti, showed his true credentials by writing an editorial in the same issue praising Schwarzenegger.) In addition, some in the local banking community pressured the Club to cancel the meeting, and some people threatened to send provocateurs. But the organizers refused to cave in to such heavy-handed tactics.

LaRouche spoke on Oct. 9, on the financial and economic breakdown crisis, as well as his solution for getting out of the mess (see transcript, below). The question period was extremely lively, with questions on the Mideast, the cultural crisis in the world, terrorism and the American role in Sept. 11, the World Trade Organization, and how to change America for the better, especially with the LaRouche Youth Movement.

LaRouche stressed to the participants that they and their republic must take responsibility for making the world a better place. In private, many observed that they had never seen a man so concentrated on his sense of mission. Supporters who had been reading LaRouche’s writings for years, were delighted to finally see him “in real life.” Some Swiss “federalists,” while praising the depth and quality of LaRouche’s views, found that he put “too much emphasis on the nation-state.”

## Italy at a Crucial Conjunction

On Oct. 10-12, LaRouche travelled on to Italy, where he went on the record with his exposure of the “beast-man” policy represented by the election of Schwarzenegger in California. Against the “beast-man” faction, LaRouche presented the unique role of his Presidential campaign.

This is LaRouche’s second visit to Italy this year, at a time when Italy chairs the European Union presidency. Facing the Italian presidency, which ends Dec. 31, are now the critical phase of the “Tremonti Plan,” a scheme for financing infrastructural projects in the EU; as well as the consolidation of Franco-German opposition to the pre-emptive war policy of the U.S. government.

LaRouche’s intervention in the strategically key indus-



*Lyndon LaRouche addresses the Solidarity Movement in Milan on Oct. 13. "There is no allowable excuse for any sane government to gloat over what is happening to the U.S.A. today," he told supporters. "The abrupt collapse of the U.S. economy by about one-half, as occurred during the prior world Depression of 1928-33, would be a social and political, as well as economic catastrophe for, among others, China and the rest of the world in general."*

trial centers of Milan and Vicenza was therefore intended not only to assert leadership on national policies, but also to influence the EU at a moment of strategic re-orientation on both its economic and security policies.

In Vicenza, the center of the export industry of northeastern Italy, LaRouche spoke at a seminar with supporters as well as at a meeting of the International Strategic and Scientific Institute (ISIES), a think-tank connected to the local Chamber of Commerce. The newspaper *Il Giornale di Vicenza* announced the visit with an article stressing LaRouche's role as an economist and his opposition to the policies represented by Dick Cheney.

"The American economist," the newspaper wrote, "will present his proposals for reorganizing the international financial system and rebuilding the world economy, known as 'New Bretton Woods' and 'Eurasian Land-Bridge.'" LaRouche, the paper explained, "is second only to former Vermont governor Howard Dean, in the list of American Democratic candidates with the largest popular support. LaRouche, however, represents a current of thought adversary to the one represented by Dick Cheney. Founder of an international political movement working to solve the crisis of productive economy in Europe and the United States, LaRouche proposes to abandon post-industrial policies, which opened the gates to deregulation and the domination of financial speculation over the real economy."

During the seminar on Oct. 10, where mainly local entrepreneurs and economics students participated, LaRouche explained the recent California developments and the significance of the deployment of "beast-man" Schwarzenegger, as well as discussed questions related to his Land-Bridge program and his conception of physical economy, including the issue of relationships with China under current World Trade Organization regulations. China's dumping of low-

cost products is a hot issue in Italy, a phenomenon due to the WTO-promoted looting of China's labor force on the coastal area. Italian industry must be defended, LaRouche said, but at the same time Italy should cooperate with those tendencies in China which want to develop the mainland, mainly through technology sharing and infrastructural investments.

Such issues, along with other political, historical and cultural matters, were discussed also in private meetings between LaRouche and leading local entrepreneurs who support his views.

The next day, LaRouche addressed the ISIES meeting, which was on "Information Technology for Development." Other participants included EU representative Harry de Backer, as well as political authorities from the Veneto region, government advisors, and entrepreneurs.

In Milan on Oct. 12, LaRouche addressed about 60 friends and supporters in a three-hour speech and discussion. Here, again, LaRouche picked up on the "beast-man" issue, elaborating the concepts he had addressed in the Vicenza seminar. In particular, LaRouche explained the connection between the Schwarzenegger operation and the power faction represented by George Schultz, one of the dismantlers of the Bretton Woods system in 1971-72. Paolo Raimondi, chairman of the Italian LaRouche movement, called on the audience, which reacted with enthusiasm, to support the creation of a youth movement in Italy similar to the LaRouche Youth Movement in the United States. In these pages, we publish the full text of LaRouche's speeches.

LaRouche provided a striking message of optimism to those outside the United States, who only see the "official" picture presented in the world media. When he left Italy, this optimism had been rekindled, in preparation for the decisive policy battles ahead.



## Greatest Achievements Come in the Face of The Greatest Dangers

*Here are the remarks of Lyndon LaRouche to the Forum 44 in Chaux de Fonds, Switzerland on Oct. 9. He was introduced by his friend and former French Presidential candidate Jacques Cheminade, who called it at the same time a great pleasure and a challenge. Cheminade repeatedly described LaRouche as a “statesman,” enumerating each facet of his programs for a community of principle of sovereign nation-states, the Eurasian Land-Bridge, Oasis Plan for the Middle East, New Bretton Woods monetary reform, and a perspective for the United States to have a foreign policy coherent with a “global New Deal” in the manner that Franklin Roosevelt was fashioning before his death. “LaRouche represents this tradition” of the principle of Peace of Westphalia, Cheminade concluded, urging, “Listen to him this evening, and compare him with what you know about George Bush, Dick Cheney, Paul Wolfowitz or Donald Rumsfeld, or even the other Democratic candidates—or now, alas, Arnold Schwarzenegger.”*

It is the irony of history, that the greatest achievements of mankind come as a response to the worst dangers to mankind. Such is the situation in the world today.

I shall indicate, at the end, what I propose as the outline of a solution, for the problems, or the principal problems, which face us today. But I shall do so, by first stating the immediate danger; indicate the causes for the danger; and thus proceed to show what the answers must be, having defined the causes of the danger. And among the most important things to consider, apart from the technical things that I shall address, is: What happened to the minds of the people of the United States and Europe, in particular, that they allowed this catastrophe, that’s now upon us, to happen?

What we face now, at this moment, is the terminal phase of a general breakdown of the existing world monetary-financial system. Exactly when the system will blow out, is not yet certain. But, if it continues in its present form, without change, it will blow out very soon; it could blow out tomorrow morning; it could postpone its blowout for months. It’s likely to come soon. This danger of a financial blowout, as in 1928-1933, an earlier period, also has become the danger of the spread of general warfare.

And I’ll say how serious the warfare is: The United States

has a nuclear triad—submarine, aircraft carriers, and so forth. This is all the United States has, as you can see in Iraq. The United States does not have the capability of fighting a conventional war, not even in Iraq. It fought a war, but it can not get out of Iraq alive, by its own military force. It could not undertake another war. So, the United States is left, if it wishes to fight a war—against Syria and Iran and other countries, as has been indicated—it must think of resorting to nuclear attacks, relying on its nuclear triad capabilities, which have a horrible destructive effect.

In other words, we’re in a situation where the United States could not win a conventional war. But, if it’s determined to fight a war, it must use weapons of nuclear mass destruction.

Other nations of the world are aware of this. And, already, there are new kinds of submarines, new kinds of technologies, which are designed to be asymmetric to the U.S. military capability, in preparation for a war with the United States—forced upon them by the United States—some time during the coming years.

### At the Edge of a New General War

So, we are on the edge, as we were in 1933 and 1934 with Hitler, we’re on the edge of the danger of a new general war—this time, an asymmetrical, nuclear-armed war, one beyond the capacity of humanity to sustain, in its effects. Therefore, the important thing is to get at the root of this problem, which is largely centered in the economic crisis, and to solve that problem; and by solving that problem, put to bed a form of warfare, which mankind could no longer tolerate.

We have to do that soon.

How did we get to this mess? How did we get into this crisis? The financial crisis is simple: You see, the Japanese are trying to sink the yen, to save the dollar. And every time they try to sink the yen to save the dollar, the yen goes up, and the dollar goes down. We’ve come to the point that, in the world, it is not possible to save the present U.S. monetary-financial system, nor the present world monetary-financial system.

For example, a neighboring country—Germany—the political system is presently disintegrating before your eyes. The ruling coalition, with its member, the SPD: The SPD is in the process of disintegration; the Green party may be out, soon, in the process. The CDU, one of the other parties, is also in a process of disintegration, but it’s one led by three leaders, who are leading on the road toward the destruction of that party.

You see instability in Italy. You see, all over the world, that “failed states” are not found in developing countries: They’re also threatened to be found in Europe! Eastern Europe is largely a system of failed states: The conditions in most countries in the former Comecon area is *worse* than it was under the Soviet Union. There’s more political freedom. But the economic situation is far worse.

These are dangerous times.

We also have a very particular problem: The United States, for years, has maintained its appearance of prosperity, by a number of means. First of all, the Anglo-Americans, who have controlled the world monetary system, especially since 1971-72—the floating-exchange-rate monetary system—have used their power to regulate the relative values of currencies; and have done so in order to loot countries. One of the byproducts of this, is that the United States has largely shut down its own productive capacities, and has turned people onto the streets; shut down industries; shut down infrastructure; and relies upon goods imported from countries which have cheap labor. This labor is kept cheap, by constantly driving down the prices of the currencies of developing countries and others, by keeping the prices of Central and South America, Africa, Asia—keep these prices down, by manipulating the financial and monetary markets.

The United States is living on cheap labor, of people from abroad. And it's losing its factories, its production, and its labor force inside the United States. For 80% of the family-income brackets of the United States, have been in desperately worse conditions since 1977, consistently up to the present time. We see health-care systems are collapsing. We see pension systems are being rotted out, looted. Industries are collapsing, disappearing. This is a process of doom.

## How the System Was Destroyed

How did we get here? You recall the post-war period: At the end of the last war, the United States emerged as the only power of any significance on this planet, at that time. We made a mess of it, but nonetheless, in the post-war period, from about 1945 through the middle of the 1960s and somewhat beyond, the conditions of life in Europe, and certain other parts of the world, improved in the post-war reconstruction.

That began to change in the '60s, in the United States and Britain first, especially with the Harold Wilson government in Britain, the first Harold Wilson government, when the British and U.S. economy began to disintegrate in this process—accelerated in part by the Vietnam War.

Then, in 1971-72, two things happened, which destroyed the previously existing world monetary-financial system, on which the post-war recovery had been based: that is, the Bretton Woods system. The Bretton Woods system was established at a time, the United States was the only world power worth mentioning, and the U.S. dollar was the weapon with which the reconstruction was fought. The U.S. dollar was used through the Bretton Woods system, to create a fixed-exchange-rate, gold-reserve-based world monetary system, a highly regulated system under which Europe and other parts of the world prospered or recovered. This recovery, despite all the evils and mistakes and so forth that went on, worked. It worked in the United States, until the middle of the 1960s.

After 1971-72, Europe began to slide. South and Central American began to go into a catastrophe. Africa—particu-

larly Sub-Saharan Africa—has gone into virtual genocide, for economic and other reasons, since. Asia has come up a bit; India is more powerful than it was then; China has emerged, not as a great world power, but a much more powerful nation than it was then. But overall, as in Europe, the systems on which we had lived, in Europe, in the United States; these systems—transportation systems; systems of power generation and distribution; municipal organization; health-care systems; educational systems—these systems, in which we had taken pride, which were our prosperity, have been shut down. They've been shut down in various ways. We are now a broken nation.

If you look at—as I do, in terms of industrial management and agricultural management—at an economy, that is, you look in physical terms: You look at an economy as a production manager does; you look in terms of process sheets, and bills of materials. You look at the flow of process-sheet materials and bills of materials from customers; you look at the structure of their organization. You look at the structure of your customers' organization. You look at the entire economy in terms of bills of materials and process sheets; you look at these kinds of ratios. And you look at an economy so—and then, you measure what money means, in terms of bills of materials.

You take a standard of living, of household living. Don't measure it in dollars first: Measure it in household standard of living; measure it in terms of the food; the quality of housing; the health care; the education; the public facilities which go into that standard of living of the individual. How much does that cost? That gives you a standard of reference for how an economy works, and for measuring money.

Now, look at the rest of the economy in those terms. And what you see is, three currents, since about 1966, beginning in the United States and the United Kingdom. Since that time, and spreading into other parts of the world, we have seen a hyperbolic growth, in so-called "financial market assets." We have seen a similar, but for most of the period, slower growth, in the expansion of monetary emission. We have also seen—if we take into account the collapse of infrastructure—an accelerating collapse of the physical conditions of life and production, in Europe, the United States, and elsewhere. So, you have these three curves [see Figures on p. 23]: down in physical terms, for production and standard of living, especially of the lower 80% of family-income; soaring up, for so-called "financial market assets"; the expansion of financial markets is funded, and driven, by monetary emission.

As of 1999-2000, in the case of the United States, and other cases, the rate of monetary emission, required to sustain financial markets, grew faster than the rate of the financial markets. This is a condition like that of Germany in the Summer and Autumn of 1923. This kind of process is hyperinflationary: When the growth of financial assets is less than the expansion of monetary emission required to sustain that financial market, you are in a hyperinflationary mode. When this is combined with a collapse of employment, a collapse

of levels of production in those countries, and on a world scale, you are in a hyperinflationary spiral.

## Cycles of Human Behavior

So, what has happened recently, is most of the so-called prosperity of the world, especially of leading sectors of the world—Japan, Europe, the United States—has been fraudulent. There has been no recovery. There has been no net growth. There has been a recovery in obligations, called “financial assets.” There has been a recovery in the amount of money in circulation, while the amount of goods being produced in terms of value, has collapsed.

The system has now reached the point, when the use of certain kinds of fakery, to maintain the appearance of prosperity and might, has come to an end. The system is finished. The crisis is systemic. The crisis is terminal. And we’re in the end-phase of the terminal process of this system.

How’d we get here? How did we do this? Here’s the United States and Western Europe, presumably the most intelligent and powerful parts of the world economically—how did we make this mistake? We came out of World War II, and we began to rebuild the world economy. We did, not a bad job; it wasn’t a good job, but it wasn’t a bad job. The economy of Germany was rebuilt, the best model. France was rebuilt. Italy was rebuilt. Japan grew. Other parts of the world benefitted.

Why did we stop doing that? Why did we do something else? Why did we become *stupid*?

Well, this is the nature of humanity. There are cycles in humanity; and some economists try to explain cycles in terms of business cycles—don’t pay any attention to them; it’s all nonsense. The determination of cycles of economic behavior is the *behavior of human beings*. And you have to look at human beings, to understand what is causing policy decisions, and a pattern of policy decisions, to change?

What happened to us?

All right. Now, let’s look: To compare Switzerland, which has not gone through a war, itself directly, for a long period of time, and take the vitality of this country, as compared to what Europe around Switzerland has suffered, over the past century, for example; what the United States has gone through—other parts of the world. Now, what happened to these other parts of the world, in which these decisions were primarily made?

Well, let’s go back to the 1780s: The United States had been born. The United States had been created by Europe, created by leaders of Europe, including the followers of Leibniz, and many others. The United States was created as a project, by Europeans, who intended to create a model republic in North America, in the hope that the success of this model, would be a model for advancing freedom and development of the state in Europe.

What happened? Why didn’t France, which was the next candidate country—when it went through a financial crisis—

why didn’t it follow Bailly and Lafayette, and produce the constitution, adopt a constitution, which would have saved France from crisis? And made France the second great country (under a monarchy, admittedly), but the second great country, to have this kind of republic? A monarchical republic, but as a republic? Why didn’t it happen?

Well, because some fellows in Britain didn’t want it to happen, especially Lord Shelburne, of the British East India Company. So, there was organized a French Revolution, to thwart the intentions of Bailly, Lafayette, and others. And to destroy France in two phases: One, the so-called “left phase” of British agents Danton, Marat, and so forth; a gentleman from Lausanne, Jacques Necker had something to do with this—he was a British agent, an asset of Lord Shelburne. Philippe Égalité was part of it. Then, you had the Jacobin Terror. And then, you had the same people use the Jacobin, Napoleon Bonaparte, to make him the first fascist dictator in modern history. And, he became the Emperor of Europe, and half-destroyed Europe.

And, Europe has never had—outside of Switzerland—anything resembling a true republic of any durability since. What Europe has had, is what is called an “Anglo-Dutch Liberal model” of parliamentary government. And every time there’s a crisis, which is inherent in that system, the parliament falls, and the parliamentary government falls. And often, periods of dictatorship ensue, in financial crises. These systems are dominated by central banking systems—so-called “independent” central banking systems, today—which are actually consortia of private banking interests, which exert veto powers over the state apparatus, and over the parliamentary government.

In the United States, it’s different: We have a Presidential system. The power of the Executive is lodged permanently in the Presidency. The President, as a personality, may change: But the Presidency continues. We have never had, up to now, an overthrow of our Constitution, or our Constitutional form of government—because of the Presidency. Our Constitution, our form of government, can absorb all kinds of horrors—and we’ve had a few, such as the Civil War. But, we’ve always been able to save the nation, and save the system. There’s no other part of the world, which has a Constitutional national system, which has not been overthrown a number of times, during that period.

## Wars and Revolutions

So, we do have some solutions. But, the problem is, constantly we come back to these crises. Now, what happened? How were we manipulated? How were the peoples of the world, coming out of the 15th-Century Renaissance, developing the modern nation-state, recovering from the religious wars of 1511-1648—how did this great Europe, which was making tremendous progress, how did it make these terrible mistakes? How were they manipulated? *By wars and revolutions.*

The French Revolution, the Jacobin Terror; the Napoleonic terror; the repetition of this in the 19th Century, in wars. Then we had the great wars in the 20th Century—three of them: First, World War I; second, World War II; third, the so-called U.S.-British/Soviet conflict, which was one of the most shocking. Even though we didn't fight the war, the shock was great.

What has happened repeatedly—go back to the horror, which people experienced in France, with the Jacobin Terror. Look at those leaders in France, who were butchered. Look at those institutions which were butchered. Look at the number of French soldiers who were slaughtered, for the ambitions of Napoleon, across Europe. Look at the effects on Europe. Look at the effects of the Vienna Congress of 1815; look at the effects of Carlsbad Decrees of Metternich and Company, following 1815. Look at the other effects of this type: the shock. Again and again, the people of Europe, in particular, have been terrified; and to some degree, the United States.

Then, of course, the First World War and the Second World War. Look at the destruction of Europe! The extent of the destruction of World War I between 1914 and 1917. Look at the mass graves in the cemeteries of France, for example. Get the effect on the population: the pessimism, the fear, the depression. Look at World War II.

### **Truman Made Optimism into Pessimism**

Then, go to 1945: When a reactionary President of the United States, Harry Truman, made the decision—a totally immoral, militarily unjustified decision—to drop the only two nuclear weapons the United States had, respectively on the civilian populations of Hiroshima and Nagasaki of Japan. There was never a sound military reason for it. Japan was a defeated nation.

A personal friend of mine, who at that time, was an OSS agent—the key OSS man in Italy—was dealing with the Ministry of Extraordinary Affairs, or the Foreign Ministry of the Vatican, on behalf of an operation which was being run by the Emperor Hirohito, through diplomatic channels through the Vatican, trying to negotiate peace. By the time that Roosevelt died, the Emperor of Japan had agreed to terms of peace with the United States and others. The terms of peace which were exactly those installed after MacArthur signed the treaty.

Japan was a besieged, defeated nation: The sea blockade, the aerial blockade of Japan was total. Japan is an island nation, with very little usable land-area, which depends on raw materials around it. If you blockade Japan effectively, the economy will collapse. The economy was collapsed. The military system had collapsed. Some generals were still holding out against the Emperor. At the time of the Summer, MacArthur's war-plan, which was known in Washington: Let's wait till October. They'll collapse and the peace will be accepted. We don't have to put anybody on the island. We

don't want an unnecessary war. We don't pursue an enemy who's already defeated—you may start a new war you don't want.

But, Truman decided to do it. They did consult Eisenhower in Europe; Eisenhower said, "Don't do it. The war's won. Don't extend the war. Don't use the bomb." MacArthur was not consulted, and MacArthur's war-plan was on the table in Washington; they knew it. There was no military reason, for dropping one or two of those weapons on Hiroshima and Nagasaki.

What that did is this: You had an evil fellow in Britain—Bertrand Russell. Bertrand Russell was the person who was responsible, personally, for the development of nuclear weapons. He was the one who signed the letter addressed to President Roosevelt, which President Roosevelt never got, never received. But, that letter, nonetheless, through the bureaucracy, was used to set the creation of the atomic bomb into place. It was done. And Truman dropped the bombs.

Russell explained what his policy was: His policy was, preventive nuclear war. His policy was—as he stated it, in a paper he published, in his organ, in September of 1946—his purpose was, to use preventive nuclear warfare, to bring the nations of the world, to submit to world government, and give up national sovereignty. The only reason Russell gave that up, was that at a later point, the Soviet Union got a priority in developing a deployable thermonuclear weapon. And at that point, Russell's dream of preventive nuclear warfare ended, until Dick Cheney revived the policy in 1991; it was turned down by then-President Bush, but successfully revived the policy, after Sept. 11, 2001.

We're now operating on the basis of the Cheney version of the Russell policy, of world government, effected, through *preventive nuclear warfare*, especially nuclear warfare against nations, which have no nuclear capabilities. The Iraq War was simply one step in that direction; and Syria and Tehran are the next targets.

### **The Threat of Nuclear Warfare**

All right. That was terrible enough. Some of you recall: The world was shocked and terrified by the impact of those two nuclear bombs dropped on Japan. Because it was known at the time, there was a faction in the United Kingdom, and in the United States, which Eisenhower later called the "military-industrial complex," which wanted to have an empire—then an Anglo-American empire—based on this policy of preventive nuclear warfare, to create an empire, which they would call "world government."

That was a shock. Some of you lived in those times, and can remember the shock of knowing that, or knowing aspects of that.

From that point on, especially from 1950, we lived under the threat of nuclear warfare. The threat increased. In 1962, we went to the edge: For several days, the world was screaming,



*An American soldier northwest of Verdun, France, in 1918, surveys the ruins of a church. The devastation of World War I, engendered the pessimism in Europe that made World War II possible.*

frightened, terrified, convinced that on the next morning, the world might die in a thermonuclear exchange between two superpowers. The following year, the President of the United States was assassinated. The assassination, which was done by a section of the “military-industrial complex” was never investigated. John J. McCloy, the boss of the Establishment at that time, gave the order to the Warren Commission, “Don’t investigate. Here’s what you’re going to say,” and that’s what they decided. And the world knew it. The world knew it. Then, the following year, the Indo-China War was launched, officially.

The effect on the U.S. population, of this succession—the European, too, but take the U.S. population—the effect. World War II, which had been a period of optimism for the American people in particular, concluded with the two bombs dropped on Hiroshima and Nagasaki. The two bombs, which raised the question of whether the next war would be a nuclear war: So that a period of optimism, the end of the war, was accompanied by a great depression, a fear of a new kind of warfare. Then, we had the Korean War. We got rid of Truman. We put Eisenhower in, to try to stabilize the situation. So, we had four years of the end of Trumanism. But then, these events occurred.

The American people were terrified beyond belief. And the young people, who were coming into maturity—the so-called Baby Boomer generation, which entered adult years, during the middle and late 1960s—*never, in general recovered, from this combination of shocks.* The shocks transmitted

through their parents, to their parents’ households; the shock transmitted by the threat of a nuclear holocaust in 1962; the shock of the Kennedy assassination; the shock of the launching of the Indochina War. And people changed. They changed from a people committed to technological progress; a people committed to developing infrastructure; a people committed to making the world better, at least in their own terms—that was their intention; they may not have been too good at it, but that was their intention.

And what they’d run into? They went into Tavistock Institute’s “Take some LSD.” “Take sex from your nearest neighbor, and find out what the sex is later.” Orgies; degradation; flight from reality; fantasy. Hate technology! “Let’s kill technology! Technology is bad. Let’s kill it. Let’s go back to nature. Let’s climb up the trees again, call ourselves baboons, or something.” And this is what happened, to a large degree, to a very large part of the university population of the late 1960s and 1970s.

As a result of this, the population underwent a cultural change. It was called a “cultural paradigm-shift.” And this is how all these things which led to the present financial economic crisis occurred. This is what happened to us.

### **Disease of ‘Structural Reforms’**

So, it was not an automatic pulsation of an economic system. We had an economic system, which, with all its defects, would work, *was working, was improving things.* We destroyed that system! Then, in 1971-72, Nixon’s decision,

under the orders of George Shultz and Paul Volcker and Henry Kissinger, took down the system. They took down the Bretton Woods system, on Aug. 15, 1971. The following year, in the Azores, George Shultz led the fight to eliminate the Bretton Woods system. We went to a floating-exchange-rate system, which was the beginning of the collapse of the world monetary-financial system.

In the course of the 1970s, we went to “structural reforms”: to eliminate industry; to deregulate the economy; to shut down our mass-transit systems; to stop developing our power systems; to privatize our regulated power and distribution systems; to destroy our regulated trucking transport system. To destroy our cities; to destroy our factories; to destroy the productive powers of labor of the United States.

And this happened around the world. It spread into Germany, and France, and Italy, during the 1970s. Terrorism was unleashed, to assist this process, as you may recall in Europe: in France, in Germany, in Italy, and elsewhere during the 1970s. This was done by official agencies—not by some rag-tag leftists. It was done by professionals, using rag-tag left groups as a cover for what they did. This happened to us.

So, what is happening now, was a result of a cultural paradigm-shift, induced by the combined effects of this terror, which Europe in particular has suffered. And we wrecked our economy.

But, we have a great opportunity, as a result: We have much to fix, and great progress under conditions of crisis, occurs as a result of recognizing that collapse and failure are things which require fixing. And if we think we know how to fix these problems, we can mobilize with optimism, or at least increasing optimism, to rally ourselves around fixing them.

### **Today’s Opportunity: Eurasia**

Now, what do we have before us, as an opportunity? Europe is bankrupt. Western Europe is hopelessly bankrupt. Germany’s hopelessly bankrupt. France will be bankrupt—it’s more stable than other countries, so the bankruptcy doesn’t show as quickly or as soon. Italy is bankrupt. Spain is bankrupt. All of continental Europe is bankrupt. The United Kingdom is bankrupt. And there’s no possibility of its recovery *under present conditions*, present trends, present policy trends. The United States is bankrupt: Look at the current-accounts deficit; look at the national debt, that is spiraling; look at what’s happened to the value of the dollar. It’s all collapsing.

But there is an opportunity, to be seen, in the challenge of failure, as often, many business ventures have shown. The threat of failure is a great goad to discover success. And if you have a management which has the ability to find success under the goad of failure, it probably will survive and go on to great prosperity after that, having learning the lesson. And that’s what we have to do now.

What’s the opportunity? Well, Germany, France, Italy,

and so forth, have a great opportunity in China. They have a significant opportunity in India, and elsewhere—in Asia. They have a significant opportunity with the cooperation of Russia, which I can explain to you.

China is expanding. China has the largest infrastructure development program of any nation in the world: It has to. Because China has many poor people. It has a growing population, which is trying curb the rate of growth of population, but it has a growing population. Therefore, it has to move away from the coastal areas, more and more, into the inland areas; into areas which are more poorly developed, even arid areas. Therefore, it’s taken great projects, like the Three Gorges Dam; other great water projects, power projects, development projects, planned for the coming quarter-century. Many already in progress, with plans for 25 years beyond that. In other words, a half-century. China is moving on a half-century.

Well, China has some technology. It has some industries, which are fairly advanced. It has neighbors such as Japan and Korea. And also India, which can contribute technology. But it doesn’t have enough. Therefore, China has become, in this sense, a great potential market, for Europe. Because Europe, which needs employment, which needs markets for its industries and economies to save Europe, has a great market in Asia—in the expansion, in filling the needs of China, filling the growing needs of India, of Southeast Asia, and so forth.

Also, in this development, there are great areas of Central and North Asia, which have never been really developed, which contain vast mineral resources, large water resources, other kinds of resources; areas for new habitation, new cities. We can move freight, across Eurasia, from Brest to Pusan in Korea and on to Japan: We can move it more cheaply and quicker, than we can by ship. Because when you move freight across a developed land-area, that movement of freight interacts with production along the route of travel. And therefore, the cost of transportation is less than zero, under those conditions: Because the production you’re generating, by developing that territory, more than pays for the cost of developing the transportation system.

This opens up whole areas of Asia for development—North and Central Asia. Russia has, left over from the Soviet period, a large amount of scientific technology, which is quite relevant to the development of this area. Kazakstan, which is sort of a second Russia, has a lot of capability in that area.

So therefore, if Europe, Russia, South and East Asia, enter into large-scale cooperation around these kinds of projects of development, the objective basis for a great revival in the economy of Eurasia is possible.

However, what is needed, is a credit system. Now, in Europe, we have the Tremonti Plan; we have the European Investment Bank. Now, these are good ideas, but they won’t work. They won’t work to the effect that they’re indicated. EU200 billion a year, as a fund for infrastructure? That’s a

joke! The world economy is in excess of \$40 trillion a year. It is collapsing. To have a recovery, we have to think in terms of projection of a 5% rate of growth, throughout an entire area. So, we're talking about that. We talking about the order of magnitude of \$1-2 trillion a year, into an investment fund, for infrastructure and so forth, for the development of Eurasia. Otherwise, we're not serious about a recovery program.

Now, that fund requires credit, at between 1-2% simple interest, over 25- to 50-year terms. This requires a new, fixed-rate monetary system, with a gold-reserve basis, like the Bretton Woods system; we're talking about EU1,200 an ounce for gold reserve, under these conditions—or more; some calculated rate.

## A New Bretton Woods

We can't do it with the present monetary system. But what do we do with it? This is where the trouble arises. From an American standpoint, this is not a difficult problem to deal with; it's not an impossible problem to deal with. Under the American Constitution, the U.S. Constitution—and I'm the President of the United States—what happens? I declare, as President, that the present world monetary-financial system is bankrupt. That means that I take the Federal Reserve System of the United States, and I put it into receivership, as bankrupt, for bankruptcy reorganization. The Federal Reserve System is then absorbed, and becomes a National Banking institution of the United States, along the lines prescribed by Hamilton. I reorganize stability, in this whole system, and I then use state power to generate credit, both in the United States, and by treaty agreement with other countries.

We then get other countries to cooperate with the United States, to put the IMF in receivership, in the same way. We reorganize the IMF in receivership, as a joint effort of a group of nations. We set up a new banking system, which is: fixed exchange rate; gold-reserve denominated protection; and a regulated system, with the intent to generate credit through treaty agreements among nations, of 25- to 50-year terms; long-term agreements earmarked primarily to large-scale infrastructure projects, but also for other purposes—technology, and so forth.

In other words, the same kind of objectives that the Tremonti Plan indicates, but on an adequate scale. We're talking about \$2 trillion a year, at least, in terms of a growth factor, on a global scale.

Under those conditions, given what is needed in the development of Central Asia and North Asia, and so forth, and the growing market in China, the growing market in Southeast Asia, the growing market in India, as a physical market: The opportunities for going from the *depths* of what we're in now, into prosperity, exist! All it requires, is intelligence, and the will, and the action by some leading governments, to set the thing into motion.

The problem in Europe—why the United States is so

essential—is because the European system of Anglo-Dutch Liberal model of parliamentary system, does not allow governments to make that kind of decision by themselves. The way we got a Bretton Woods system in the first place, was the power of the United States; because the Bretton Woods system was based on the American System, as Franklin Roosevelt understood it—not Keynes—Franklin Roosevelt. Europe could not have done that by itself, by will, because its institutions wouldn't allow it. But, when the United States, as the leading power in the situation, took the initiative, and the world needed the United States to take that action, the nations of Europe, trying to come out of bankruptcy, said, "yes"; other nations agreed: Because the promise was, at that point, that the developing nations of the world (as we call them today) would have a chance to be free of colonialism, and we would develop them, too, as Roosevelt had promised.

We're faced with that situation, today. The United States, today, is a disgrace, compared to what it was under Franklin Roosevelt. But, the United States Constitution, and the Constitutional tradition, enables a President who understands this, to call a convention among nations—not just a formal convention, but just by meeting with heads of state and relevant people around the world—and say, "Do you understand what our problem is? Do you understand, there's no other solution, except we have to act jointly to do this? Are you willing to do it?" And, by coming together, we can do it.

We have before us—that's another subject—but, from my knowledge of the situation, we have technological frontiers, in this world, which are wonderful. There are things we can do, which most people haven't even dreamed about.

## Are We Human?

But, what we need is this: We need to couple this, with a conception of the nature of man. Most politicians and most economists, can not tell the difference between a man and a baboon. And our economy shows it. What's the difference between a man and a baboon? A baboon is a very capable animal, unless it becomes an Arnie Schwarzenegger, and then you don't want him around. A baboon is considered intelligent; but a baboon can not discover a universal physical principle. Only a man can develop a universal physical principle: It is by the discovery of these principles—whether in physical science, or in Classical artistic composition—that man increases our physical power, per capita, in the universe, and improves the social relations among people, through such means as Classical drama and so forth, which give us an *insight* into the nature of man.

The key thing here, is to understand what man is, to say, "We are not baboons. We are not apes. We are a distinct species, superior to all animals." What distinguishes us is our ability to see beyond the veil of sense-perception, to discover universal physical principles, and principles of artistic com-

position which enable us to understand social processes. And by this means, we have been able, as a species, to rise above the 3 million or so potential of a higher ape, to over 6 billion people today. *No monkey could do that.* So, let's not make a monkey of man.

Therefore, the essential motive of good economy, and good statecraft, is not to get rich. The motive is, in the first instance, to solve problems, to overcome shortages. But the *basic* motive, of any creative person, and any good statesman, is the nature of man: What does a human being require? A human being requires *to be, and to know he or she is, something distinct from, and above the beast. A human being needs to be human.* To be human, is to express the difference, between the baboon and the man.

Technological progress, economic progress, is essential for our existence, to meet our responsibilities. But it's not a duty: It's something better than a duty. It's something which gives to the person who *participates* in this work, a sense of being human, a sense of being a spiritual being, of expressing that which makes him a spiritual being, which makes him *happy*.

So, it is not a guilt-ridden person, working, in order to earn a living. It's attacking the job with joy, because it's what makes him feel good, about being human. He enjoys the idea, of inspiring a child to think in those ways. He enjoys transforming people around him from ugly pessimists, who act like baboons—or Schwarzeneggers—and inspiring them to see themselves as human. This is expressed by the enjoyment of great Classical art, for example.

And, to me, that's the essence of the matter: To get man with a sense of immortality, a spiritual immortality, in the sense that what we do, in our generation, honors our ancestors, fulfills their dreams, and transmits a better future to our descendants, defines us as a spiritual person. For example, we study the work of Archimedes. We relive the discoveries of Archimedes, today. Archimedes becomes a living person, for us, because we have relived his discovery. We have relived his mind's processes, in making that discovery. The same with every other great discovery. Every great work of art: to understand a Classical Greek statue, and the genius of that, is to experience the artist who created it. To see all the great works of man, is to experience the mind of the person who created that work of art. And to see, in the immortality we sense—in experiencing the interior of their mind, of persons long deceased, and their works—we see our own goal, to achieve, and realize, and earn our own immortality, by becoming that kind of a person, to someone a thousand years from now. And, that sense, imbued in a child, will give us a society of adults which will not tolerate what we're doing to ourselves as a world, today.

Yes, the practical task is necessary. But, it must be imbued with a moral motive: a sense of what the difference is between a man and a beast.

Thank you.

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## LaRouche in Italy

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# The Man Behind The 'Beast-Man'

*Lyndon LaRouche spoke to a meeting of supporters in Milan on Oct. 12. These remarks were followed by another two hours of dialogue on the subjects that he outlined.*

As you probably know, there was recently an election in the state of California. It was a recall election, a rather fraudulent form of election, which due to the credit of the Democratic Party, elected a Republican as Governor. What they elected was a Nazi. That's the only fair description of the actor, our dear friend, Arnie Schwarzenegger. This man is a personality—you don't have to go by his credentials, of his parentage and so forth, but by his personality itself: You are looking at a figure that will remind you of Adolf Hitler and Mussolini. You don't need secret evidence to prove that he's a Nazi, you have to simply observe the evidence *he* presents, in his manner, in his conduct of his behavior, his past, and what he says. If this man were to represent a trend in U.S. politics, you could forget civilization.

Now he's essentially a protégé of a very bad fellow that you know—George Shultz—who is rather famous in U.S. politics, since 1970-71.

### Who Broke Up Roosevelt's Bretton Woods?

Go back to 1971-72, to understand what we're dealing with. During the post-war period, from 1945 into, in the United States, about 1966: In the Americas, in Europe, in Japan, and elsewhere, we experienced a general economic recovery from the conditions of war. The source of this recovery was President Franklin Roosevelt, who had not only pulled the United States out of depression, but by using American methods—that is, the American political tradition methods—had created, in 1944, what became known as the Bretton Woods system. And, contrary to certain mythology, John Maynard Keynes had nothing to do with it.

The United States, at the end of the war, was actually the only world power, and the U.S. dollar was the great world monetary power; the gold-reserve-based dollar. This U.S. dollar, and U.S. power, was used to create a recovery system in much of the world. This continued in the United States, and in Britain, into about the middle of the 1960s. About 1969, the European aspect of the recovery began to dwindle; you would probably recall, in Italy, that 1969 was the last year of an energetic trend of general recovery. For example, if the recovery had continued at the rate of the 1960s into, say, 1980,



the character and condition of Italy, economically, would have been revolutionized. For example, the Mezzogiorno would have begun to be revolutionized, from the spill-over of the general development in Europe, and Italy itself, at that time.

But it stopped. It collapsed in 1971-72. And George Shultz was part of it. George Shultz, at that time, was a key, controlling, behind-the-scenes figure in the Nixon Administration. He, George Shultz, Henry Kissinger, and Paul Volcker induced the President of the United States to do what was done on Aug. 15, 1971. In the following year, at the Azores Conference, George Shultz took the lead, for the United States, in destroying the Bretton Woods system.

Sub-Saharan Africa has never recovered from that decision, to the present day. The progress which had occurred in Central and South America began to be reversed. Between 1972 and 1976, when the IMF conditionalities were imposed upon Italy, there was a general trend of decline in Europe. And, by 1981, with extensive deregulation, not only in the United States, but spreading throughout the world, a general catastrophe was in process globally. In this process, George Shultz, who will return to us as a subject at a later point in this report, has played a key role all along.

But, what went wrong? Why is it, that Europe and the United States, the Americas generally, and other parts of the world, had recovered successfully from the effects of depression and war, from 1945-46 on—but then, suddenly, we have collapsed since. Now, we have various people called “economists,” whom I sometimes call “idiots,” who have theories of business cycles. I insist that “business cycles” do not exist. What exists are intelligent policies by people in governments, and unintelligent policies by people in governments. And, as I explained to some of our friends in Switzerland, in a thing I addressed this past week, I’ll explain it here, again. Look at the history of Europe since the 1780s: This is a necessary way of understanding human behavior over centuries. Because, what we’re looking at here—the world went through various kinds of idiocies, as I’ll explain, since the French Revolution. But, despite all that, we recovered from a world depression, with Roosevelt, in the post-war period.

## The Crises of the 1960s

Now, since we had such a successful recovery, from 1945-46 into the middle or late 1960s, why did we stop doing that? Let’s look at, first of all, the more immediate cause for this turn, and then look for the deeper cause. The immediate cause for the change was a—that is, we had this great success in the post-war period; suddenly, beginning the 1960s, we went through a series of crises. Three were most significant: The first was the Missile Crisis of 1962. This terrified the world, in which, in Europe and in the United States, in particular, masses of people were convinced that they might be exterminated; and this went on for a period of some days. The culture of the Americas and Europe has never recovered from the

effect of that. Secondly, we had the assassination of President Kennedy, the next year; the assassination which was never satisfactorily explained; in fact, the investigation was prevented. Then, we had the entry of the United States into the official war in Indochina.

The politics of the world changed. Optimism died. Especially among young people entering college age. The majority of people entering the age of university *went crazy*. They were infused, and were induced to be infused with hatred of technological progress. They fled from the existing culture. They couldn’t stand what was happening in their brains, so they drugged themselves into insensibility. They were filled with hatred against the culture which had spawned them.

And their influence—the college-age group, that is, the ones that went into universities, became increasingly influential. And, their influence changed the direction of the culture. They began to influence, more and more, changes in culture, which have destroyed our economy and our society.

More and more, Europe passed over from a commitment to a productive form of society, to a consumer society, which has become, in a sense, a “pleasure society.” This reminds you of the decay of Rome after the Second Punic War—where, instead of Rome producing its wealth, it began to steal its wealth from other parts of the world. From a productive population, it became a less productive population, living on bread and circuses. Most of that generation, which is now in their fifties or early sixties, *lives* on bread and circuses.

1971-72 was crucial: Under that change in system, the Anglo-American interests began dictating the values of currencies in various countries. What would happen is: The London market would organize a run against some national currency; it happened to Italy in 1975-76. An artificial crisis in the lira and credit system was induced from London. And Italy, in that period, was put under IMF conditionalities. I remember it very well. I was here at the time, and discussed it with people in the government, at that time.

This happened in many countries. This happened especially in so-called “developing countries”—the countries, for example, of South and Central America. We got the countries, from the poorest parts of the world, to work as virtual slaves for us. Look at the post-1982 history of Mexico: A virtually destroyed country, which had once been a proud, patriotic, and progressive country. Look at Argentina. Look what is threatened in Brazil. Look at what has happened to Colombia. Look at what’s happened to Peru, to Ecuador, to Bolivia. Look at what has happened in Africa, which is the worst case.

So, we, especially the upper 20% of income brackets of the United States, and Britain, and elsewhere, began to live on the virtual slave labor of people in poorer countries, which we increasingly looted and impoverished. We began to loot the agricultural production in our own countries. We shut down the industries. We turned our proud skilled labor, increasingly, into unemployed or marginally employed. We drove the lower 80% of family-income brackets out of poli-

tics, essentially. Except we allowed them—like the proletariat of Rome, with the show of bread and circuses—to become forces which disrupted politics, but not as a constructive force *in* politics. We concentrated power in a section of the upper 20% of family-income brackets. They became largely corrupted. Corrupted by idea of a “consumer society,” a “pleasure society.” We were waiting for the arrival of the Emperor Nero. Like Rome.

### **The American Tradition vs. Synarchism**

This is what the crisis is. We have destroyed our own civilization, by will, by the kind of measures I’ve described. There was no need for any of this. There was no economic need; there was no “business cycle” need, for doing this. We lost sight of the principles of morals and culture which we had turned to in 1945-46 to try to rebuild the world.

Now, go back to 1789: In the middle of the 18th Century, there had been a great Renaissance in Europe. It centered, essentially, in Germany, at that time; it was not the first Renaissance in modern Europe. The first occurred here in Italy, in the 15th Century. The second occurred after the Treaty of Westphalia, around the influence of Cardinal Mazarin, and then Colbert, in France. This happened to occur in Germany: It was called the “Classical humanist culture.” But it spread throughout Europe very rapidly, during the last half of the century.

Now, the greatest intellects of Europe in that period, focussed upon the English-speaking colonies in North America, because Europe had given up hope of developing, from within Europe, the kind of nation-state concept which had arisen in the latter part of the 15th Century out of Italy. So, these intellectuals in Europe of that period, saw in the North American English-speaking colonies, the possibility of building a republic, which could then become a model for spreading republics of a similar type, back into Europe.

Benjamin Franklin, of what became the United States, was the leading figure, sponsored from Europe, to build this kind of movement, inside what became the United States. With the help of European intellectuals, the United States was able to emerge as a republic. It was the first modern republic, consistently based on a Constitution derived from natural law—as natural law had been defined, first, by the 15th-Century Renaissance, in this way; and in a second degree, by the Treaty of Westphalia, of 1648.

Then, the crisis came: In 1789, at the time that the Federal U.S. Constitution was adopted, a crisis occurred in France. At that point of crisis, Bailly and Lafayette, among others, led the leading political class of France to form a constitution—a constitution which was modeled in significant degree upon the U.S. Federal Constitution; which was intended to convert the French monarchy into a republic, a monarchical republic—and offered the King of France this constitution, as a way of solving the crisis of France at that time.

Then came July 14, 1789, and history was sent backwards: What happened is, the British East India Company, led by

Lord Shelburne of London, organized the French Revolution. And the instrument which had been developed by the British to cause this revolution, was a freemasonic cult, which had based itself, actually, in Lyons. This was known as the Martinists. It included famous names, like Cagliostro and Mesmer, and a gentleman of Savoy, called Joseph de Maistre. These instruments were the organizers, under British direction, of the French Revolution, the Jacobin Terror, and the ascent to power of Napoleon Bonaparte.

Now you begin to get close to what Arnie Schwarzenegger is.

The key leaders of the Jacobin Terror are fairly described as “Beast-men.” This is what we think of, when we think of the Phrygian Cult of Dionysos, of ancient times. This is what Nietzsche represents, with his concept of the Superman, the Beast-man. These are characters, who have a quality we rightly call “Satanic.” And Arnold Schwarzenegger is of that type: A Satanic quality, the man who lives to be evil, who thinks of himself *as* evil; who intends to subject the world to evil, by means so ugly, crimes so horrible, that nobody else thinks they could do it. Adolf Hitler was precisely just such a personality: A synthetic figure, chosen for his qualities, as such a synthetic figure, turned into a Satanic figure of destruction. This was key to the Martinists. Joseph de Maistre was the one who described this most precisely in the Martinist tradition: this creation of the synthetic personality who has Satanic qualities.

Now, who controlled the Martinists? Who created Hitler? Who created Arnold Schwarzenegger, as if out of mud? It was this tradition of Joseph de Maistre, controlled by *private banking interests*—private banking interests, who saw the creation of republics as a threat to their power.

### **Usury vs. the Common Good**

And this brings us to the problems faced by Minister Tremonti, in Italy. The peculiarity of the design of the U.S. republic was the assumption that no one had the right to create money, except sovereign governments. The object was to free Europe and European civilization from the Venetian banking tradition; in other words, a system in which a financial aristocracy, as a concert of action, would control society. For example, the case of the Dark Age of the 14th Century, created by Venice, with this great bankruptcy which occurred then—which destroyed *one-third*, at least, of the population of Europe.

The first real step in freeing Europe from this kind of pestilence came in the 15th Century, which in a sense was a reaction to the 14th-Century Dark Age. This was the re-creation of the Vatican, through the outcome of the various councils. This was the great ecumenical Council of Florence. Out of this came developments in France, as a result of the work of Jeanne d’Arc: The conception that a government has no right to exist, except as it is efficiently committed to the common good, and there must be no power of government higher than a state committed, efficiently, to the common good: That



*“What they elected was a Nazi. That’s the only fair description of the actor, our dear friend, Arnie Schwarzenegger. This man is a personality—you don’t have to go by his credentials, of his parentage and so forth, but by his personality itself: You are looking at a figure that will remind you of Adolf Hitler and Mussolini. Now he’s essentially a protégé of a very bad fellow that you know—George Shultz [left]—who is rather famous in U.S. politics, since 1970-71.”*

is, whenever there is a crisis in society, government must act, efficiently, for the common good. The human existence is superior to the animal, it is sacred, and that must be protected, at all costs.

This was the law, under Louis XI of France. This was the attempt of Henry VII’s England. And this was the tradition, on which the United States’ Constitution was designed.

But, we see, repeatedly in history since then, in great crises, financial crises, there’s a conflict between the common good and the interests of the bankers. The evil does not lie in banking; banking is necessary and useful. What is evil, is usury. And therefore, those kinds of banking interests, which depend upon usury for their power, are threatened by the very idea of the existence of a modern state, in which the state is given the authority to *defend the common good, in all situations of adversity*. The United States was created to become an instrument of that type, by Europeans, with the intention of bringing that idea of the state, back into Europe.

In the 1780s the great threat came from France. If you look at the history of Europe, between 1776 and 1789, you find that the idea of the American Revolution was the most popular among all the freedom-lovers of Europe. A section in France was only typified by the young Lafayette; was typical of this mood throughout Europe. So, France was the great threat [to the oligarchy], and the opponent of France was the British monarchy, particularly the Anglo-Dutch liberal forces associated with the British monarchy.

So therefore—in a French financial crisis which was orchestrated from London—forces led by Bailly, the scientists, and Lafayette, moved for a constitution of the type that was being adopted in the United States. So, the British agents struck. Philippe Égalité was an agent of Lord Shelburne of Britain. Jacques Necker, a Swiss from Lausanne, was an agent of Lord Shelburne. Danton and Marat were British-trained

agents, deployed from London. The entire Jacobin Terror was deployed from London. Napoleon Bonaparte was put into power, through the Martinists, from London. Oh, sure! He was a predator on Europe. Sure, the British, in the end, tried to destroy him! But, his purpose was—for which he was deployed—was to destroy continental Europe, from the inside.

The Restoration monarchy in France, in 1815, was British-appointed, through the Duke of Wellington, who was the occupying agent. The 1848 Revolution in Europe was run from London by Lord Palmerston. Napoleon III was another Napoleon, and so forth and so on.

So, what we have is a history, including two world wars and the long Soviet/Anglo-American conflict.

### **Cultural Optimism and Pessimism: 1945**

Human beings are naturally good. Look at humanity, as a whole: If man were an ape, for example, as I’ve often said, the potential population of man on this planet would never have exceeded several million individuals. Today, we have reportedly over 6 billion people living on this planet. Three decimal orders of magnitude above the possibility of an ape. We’ve had great evils happen to man, but man has repeatedly come up, and survived, and recovered from this evil. Mankind is intrinsically a good species. But, we run our own species, in a sense: Therefore, it is our obligation to find ways in which to run our affairs, to let the goodness that flows from man, by his nature, come forth.

How do you stop man from being good? You have to have some agency, to somehow destroy the effect of his goodness. What agency? We could call it evil: It’s constantly intervening, like what happened in 1789; like what happened in 1339 with the beginning of the Dark Age in Europe; with all these things, these wars, these terrible plagues, political plagues: We call this, as human beings, we call this “Satanic”—a “Sa-

tan influence.” And, we identify certain things, which are works which coincide with that kind of Satanic influence. An unleashing of bestiality—a terror like the Jacobin Terror, like the French Revolution’s Jacobin Terror, like Hitler’s terror—transforms a people into behaving like beasts. And, that’s what’s happened, repeatedly.

We’ve built progressive societies, in which things became better—then, something goes wrong. It “goes to Hell,” so to speak. And why? Because something beastly erupts, as if from the soil, to terrify people into acting like beasts and into thinking like beasts. And that is what Arnie Schwarzenegger is.

And, who is Shultz? Shultz—who was key, as I indicated, in 1971-72 in bringing down the monetary system—belongs to a long tradition which I just described to you, the tradition of the Martinists. The Martinists became known later, in the 19th Century, as the Synarchists. About the time of the Versailles Conference at the end of World War I, they became known as the Synarchist International. The Synarchist International caused all of the fascist dictatorships in Europe during the period from 1922 through 1945.

The Synarchist International, at the time that Roosevelt was weak, in the Summer of 1944 after the invasion through Normandy, came back toward power. They could not completely come back to power, because the inertia of the recovery from the Depression, the end of the war, had produced a spirit of optimism in the world, which wanted to cling to some of the benefits that the Roosevelt victory represented.

Since I’m a somewhat older person, but have been blessed with a certain amount of longevity, and power and energy—I can tell you exactly what my experience is, of this process: I was born in 1922, and I saw the people around me in that time were very bad people! They were decadent! Monstrously decadent! Then, they were punished for their decadence by a Great Depression. And then along came Roosevelt, and gave them some optimism. They behaved somewhat better. They weren’t free of all the corruption they’d had earlier, but they became somewhat better. I even began to respect them, and like them!

But, then we went through the war: Up until 1944, we were optimistic. After the end of the war, the terror bombing of 1945, culminating in that stupid, unnecessary, and evil nuclear bombing of Hiroshima and Nagasaki, I can tell you that about 90% of my fellow Americans began to turn into pigs. Because the image of betrayal—a betrayal of the cause for which we believed we had fought and built in the wartime period—with the sheer horror of being induced to delight in the dropping of two nuclear weapons on the civilian populations of Hiroshima and Nagasaki, produced a great cultural pessimism in the United States. We became rather evil. And, Europe had to pretend to be grateful. We were subjected to horror, of the prospect of nuclear war, between the Soviet system and the Anglo-Americans. This was crystallized with the events of 1962, in which, I can tell you, an entire generation—the generation that’s now in their fifties—was largely decadent, as a result of this.

## George Shultz and the Cheney Faction

Now, we’ve come to another point, in which Italy figures: The injustice, the cruelty, the insanity, of the present world economic collapse—the need to struggle to defend people against the effect of this economic collapse—has produced, among my friends in Italy, an initiative which is quite positive. You know, Italy has some of the best, most moral politicians of any nation of the world, but it doesn’t seem to be able to get a party powerful enough to suit the qualities of those politicians! Take the case of the New Bretton Woods resolution: What country in the world, has supported me on the question of the New Bretton Woods resolution? Whatever weakness the Berlusconi government has, what Minister Tremonti has done is very useful—the Tremonti Plan.

So, the tendency, in various parts of the world, is the aspiration—as in India, as in some cases in China, as in South Korea, as now in Russia—in many parts of the world, the sense of this onrushing Great Depression, this great deprivation and cruelty; there’s an initiative from peoples, a desire for peoples to do something to create a new world order which is more just, which frees us of these kinds of evils.

The nation which has the influence in world affairs to bring nations together, to make the necessary monetary and related reforms, is the United States. Therefore, the effort is—by the Synarchist heirs, the heirs of the Martinists—to turn the United States into a fascist state, to become the leading predator on all mankind.

My job is to prevent that from happening. There are people who are willing to do that, to prevent that. One should not be pessimistic about this: We can win. We can defeat this evil. There’s an increasing number of people in relatively influential positions of power in the United States, who are now joining with me in the cause of defeating this. The enemy in the United States, however, is also powerful.

The center of that power, inside the United States today, is George Shultz: George Shultz, in 1996, pulled Condoleezza Rice, under his sponsorship, to form a future government. George Shultz also pulled together, with Condoleezza Rice, a group of people who are called the “neo-conservatives,” typified by Richard Perle, *and* the appointment of Dick Cheney as the Vice Presidential candidate. This crowd, under Shultz’s leadership—with Dick Cheney as his key man—and the neo-conservatives around them, are the people who are a threat from inside the United States, to the United States itself, and the world today.

What do they do? California is the largest and most important state, politically, in the United States. They organized a fraud called the Recall election. To recall the governor, who had just been elected the year before. The thing was fraudulent. But, they had already planned to use this actor, Arnie Schwarzenegger, as their candidate.

Now, Schwarzenegger is the son of a Nazi, an Austrian Nazi. His father was in a gendarmerie operation of the Wehrmacht, in World War II, operating behind Russian lines to eliminate undesirable people. Whether the father, Gustav,

induced the son, Arnie, to think in Nazi terms specifically, is not certain. He certainly impressed a character upon the son, which conforms to the Nazi model. This fellow was brought into the United States, given citizenship, and groomed to play a political role, the same way that Hitler was groomed by certain people in Germany to become a political figure. They gave him certain films to perform in, of which the “Terminator” series is typical: These films capitalized upon certain morally degenerate features of Arnie’s character. And also, groomed him for a political role like that you see in the Terminator! What they’re doing, is introducing a Beast-man type into this California case, and trying to use this success of Arnie in California, to shape the politics of the Republican Party for the coming year’s election.

### **Fighting Shultz’s California Beast-Man**

I recognized the danger. So, my campaign, which is actually second in terms of popularity in the United States, intervened as soon as this Recall election was put into process, to try to stop the thing. We came close to success: When we moved into the case, the election of Schwarzenegger was a foregone conclusion. We temporarily stopped the chances of a Schwarzenegger victory. And young fellows, like Quincy here, were part of that process. We deployed effectively, in things that surprised these fellows into turning the situation around.

At a certain point, former President Clinton was moving toward supporting my efforts. Then—I think under his wife’s influence—he backed down. But, that’s a story in itself I won’t go into. But then, at a certain point, other things happened, and Clinton backed down, and every other part of the Democratic Party leadership and every other candidate, either did not intervene—in this crucial election for the Presidential campaign for next year—or they went over to the wrong side. Now all of my rivals for the Presidential nomination, including the party leadership, are now discredited. Everybody in the United States is politically informed; leading circles in Europe, who are better informed, are also realizing that Arnie Schwarzenegger *has to be stopped*. Some people are influenced by misleading press that Schwarzenegger is a popular man. He’s not a popular man: He’s a Beast-man! And any sympathy toward him, from Europe or elsewhere, for his election is a *terrible* mistake for those who showed that sympathy.

And, since this is a sequential translation, I will bring this to a close at this point, because I’m sure there are many ideas and questions that you have to raise.

I will say: The situation is not bad, because we’re fighting. But as in fighting a war, when you have to fight a war—of any kind—on this scale, it’s always dangerous; and nothing is certain, but you try to win. In this case, we have the possibility of winning, but no guarantee. And, I’m relying upon our good Italian politicians to help the process. We must think internationally; we must cooperate; we must build a mood in the world, an optimistic mood, for positive measures to put this thing behind us. I think we’ll win—but I can’t guarantee it.

## **To Vicenza Businessmen: Start by Ignoring Money**

*Lyndon LaRouche spoke to a meeting of the ISIES, a think-tank of the Chamber of Commerce in Vicenza, Italy, on Oct. 11.*

What I shall present, in sequential translation, is a subject, which is—briefly—a subject of some importance to this region, in particular, of Italy, in what I foresee as a coming period of world history. And, I want to emphasize the importance of the future role, of the entrepreneurships of agriculture and industry in Northern Italy, as a leading factor in a world opportunity which is emerging now. I shall focus on a particular aspect of this matter, which is little understood, but I think important to be put on the record.

It is a fact of the matter, which is quite relevant for this time, that sometimes men’s greatest accomplishments come after a catastrophe. People become comfortable with making mistakes, habitual mistakes over a long period of time, a generation or two. They call these mistakes “our culture,” “our way of life.” “We refuse to consider any change.”

Then, the catastrophe descends. And finally, people awaken to the fact that they are people, and they must discover solutions for this catastrophe. Thus, for example, the greatest period of modern history began in Italy in the 15th Century, after a 14th-Century catastrophe.

Now, briefly, the catastrophe is this: In the post-war period—World War II post-war period—there was a great process of reconstruction, which benefitted Europe, among others. There were many bad features of this reconstruction, but overall, from the standpoint of economics, it worked. Then, suddenly, after the Missile Crisis of 1962, the Kennedy assassination, and the launching of the Indochina War, things began to go bad. The effect of these terrifying events—of several days of fear that civilization would be wiped out by nuclear warfare; the Kennedy assassination, unsolved murder of a beloved President; and the Indochina War—terrified a generation then approaching or entering adulthood. And, among part of the generation then entering university age, there was a reaction: a reaction against the technological, producer-oriented society which had existed up to that time. We had the emergence of a so-called “post-industrial,” or “consumer society,” or “pleasure society,” which dominates us up to this time, in Europe and in the Americas.

And the culture has been destroyed. For example, this is what the “Triple Curve” represents, that I have here [see Figures on p. 23]. This is just a pedagogical approximation of what actually happened, and it’s simpler, sometimes, to use a pedagogical explanation than the actual figures.

Now, if we measure an economy properly, we start by

ignoring money. We're now in a period, in which the insanity takes the form of the assumption, that financial advice or accounting reports, reflect the reality of an economy. And people have been convinced, especially in Europe and North America, that if they have money, they're better off—when in fact, they are not, generally. For example, in the matter of public sanitation, and its effect on health and life expectancy, we are worse off than we were years ago. We have vast unemployment, a fall in the standard of living, a collapse of our basic economic infrastructure . . . but some people believe, "This is prosperity."

### The Process-Sheet of Real Production

So, what we have to do is, forget money, for a moment. But look at money, but forget the way it plays a part in most press coverage of economy today. Now, this refers to the United States, and Britain, from about 1966, but similar effects hit Europe, at the end of the 1960s, and especially took off after 1971-72, and became rather disastrous in Italy from 1976 on, with the IMF conditionalities.

So, what happened in effect, we measure in the following way, we see the following results: The proper measurement of economic performance is *physical, not monetary, not financial*. In other words, the judgment of our financial systems, the judgment of the accuracy of our accounting systems, should be based on proof, that these systems have some correspondence to physical reality.

Now, look at it from the standpoint of the typical successful entrepreneur, who employs, say, 50-250 people. What is the first thing that he has to deal with? The first thing he has to deal with, is the standard of living of the families of his employees. That's not only wages for him, personally, but he has to support a family. Now, what are the conditions of life we must provide for that family? Bill of consumption of goods and services, and the conditions of life that go with that. That's a primary cost of that employer, that entrepreneur.

Now, he's producing a product, and he's looking at two things which are also primarily physical. If he follows good management policy, he has process-sheets; that is, analysis of the process of production in his firm—what he requires, what must be done, what are the actions he performs. And these activities have a physical cost. They have the cost of labor, the time of labor; materials, supplies, wear and tear on machinery, and so forth. And he fills that out, or has his industrial engineer fill that sheet out, called his "process-sheet." Then, he has a list of materials that he buys, materials and supplies, as such; or services, from outside enterprises. Now, at the same time, he has a list of the capital assets, which are relevant to production, or similar essential functions. We can put a price on these things: He has a price on each of these physical things, that he has on his process-sheets, his capital-sheet, and his bill of materials.

So, for a first approximation, of what an economy looks like, we look at these things: We look at a price-out value for essential consumption of households, and for the process-

sheets, bill of materials, and capital investments required by the producing firm. This gives us a way of evaluating money from one period to another. So then, look at this Triple Curve from that standpoint, from about 1966 in the United States and United Kingdom. Over that period, up to the present, the per-capita physical content of money has declined. In other words, money has become less valuable; it buys less. But, at the same time, we've had a great increase in so-called "financial assets," increasingly through speculation. In other words, profits, or nominal profits, earned on stock markets, for example, become a yield, and by the price/earnings multiplier, this yield is converted into an estimated value of financial assets.

That has accelerated, and around the world, since the '70s, it has accelerated generally. So, from the standpoint of financial assets, the value of financial assets in physical terms, has been declining. To maintain these financial markets and their growth, governments have poured in large amounts of monetary assets, to feed the market.

This system began to disintegrate in 1997-1998: The first was called "the Asia crisis." The second, was the Russian bond crisis of the Summer and early Fall of 1998. At the October 1998 monetary conference in Washington, or series of conferences, decisions were made. The decision was made, to try to defend the world system, against a Brazil crisis in February of 1999, by something proposed by George Soros, called the "wall of money." What was done, is various institutions—public and private—worked together to flood the world market with monetary aggregate, to try to pump up the financial markets. As a result, what happened, in the United States in particular, in the Spring of 1999 through the Spring of 2000—the amount of money being printed, both by banks and by electronic means, to pump up the financial markets, was growing faster than the financial markets.

So, as a result of that, since the Spring of 2000, coming out of the United States and United Kingdom, the world in general has been in a terminal phase of disintegration of the existing financial-monetary system. Very soon, in some way, we're either going to change the system, or the system is going to change us.

Now, there is a great opportunity occurring at the same time, that this terrible crisis is occurring. You have some of the documentation listed in this accompanying material here; I won't put it on [display], but you can look at it yourselves. The world's greatest opportunity, at the moment, lies in East, Southeast, and South Asia: the greatest population centers of the world. This opportunity is led, presently, by China, but it's also echoed by India. The largest markets for Europe at this time, for example, are in China and India. The only growing market for Germany, of any significance, is China. And, Italy, in certain degrees, participating in some of the benefits of this growth.

See, China has a great problem. China has its population concentrated upon a coastal area. China has been growing, by selling its cheap labor, on the world market, largely to the United States and others. But using up cheap labor, is like burning population: You're not producing an economically



Lyndon LaRouche visiting Vicenza in the industrial center of Italy's North: speaking to the Chamber of Commerce (left; 86,000 entrepreneurs are members, 10% of the region's population), and touring an advanced facility for "aeroponic" production of fruits and vegetables (right).

healthy population. China can go through that, because China has a very large population. So, China's attitude of "we're burning up population with cheap labor" is "that's all right, we'll make more Chinese!" But, that's not going to continue that way. A collapse of the U.S. economy, which is expected soon, would be a 50% collapse, approximately, in the present exports of China to the United States.

But, there's another, more positive tendency in China: a long-term tendency, which is to move the population centers of China—the center of gravity of population—inland, away from the coast. This means transforming the inland land-area, including desert areas. This can only be done, as China has decided, through some of the greatest infrastructure projects existing on the planet. You have: In addition to the Three Gorges Dam, you have other major water projects, such as bringing water to the Yellow River area. What this has opened up, is a market of transport of goods, from Europe, by way of high-speed transport, across Russia and Kazakstan, into China, in two directions: one, by the northern Siberian route; the other, by what is called the old Silk Road route.

Now, to make this work, you have to have some of the greatest infrastructure projects the world has ever seen. Three primary areas of infrastructure are most notable: Large-scale water reorganization. This means moving water from the Ob River, or part of it, down into Central Asia; and so forth. This means a massive transportation development project, largely rail or magnetic levitation. This means major projects in generation and distribution of power. This would largely involve nuclear power, and will mean, in the near term, an emphasis upon high-temperature gas-cooled reactors. This would mean the building, for example, of a very large rail network, of high complexity, inside China, already in progress. In other words, there's a plan essentially for 25 years, to transform the interior of China, in terms of infrastructure, to move the population of China, gradually, inland. To move the populations into new city-complexes inland, to upgrade that population by bringing in new technologies and new industries. Already for Italy, for example, for entrepreneurs, this is a very significant part of

the opportunity.

In order to do this, we must have a new monetary system—take that for granted. I've spoken on this before. We know how to do it. But, what it requires, is a change in our way of thinking, as in Italy itself.

Take this area of Italy; look at the entrepreneurships and the agriculture. What you must do, in a sense, is increase the productive powers of labor here, largely looking at the opportunities being generated by the Eurasia market. That means, you must increase capital intensity. You must raise the productive powers of labor, through infrastructure, which improves the performance of industries, by improving the infrastructure in which the industries exist. It means an emphasis on science, because you must keep ahead of the rest of the world, in terms of the science curve. You must increase, also, the capital intensity of investment in industry, in order to absorb science and new technologies.

And what this means, in conclusion: That we have to have a new monetary system, with many similarities to the Bretton Woods system. Governments can do that, if they're desperate enough to do it. And they will be, soon. That means that we must go back to a *regulated* system, in which we protect the prices of goods, in such a way to allow the entrepreneur to invest in capital, without fear that his capital will be wiped out, by a dumping policy of dumping goods at cheap prices on the world market.

So, we have to pose to ourselves some questions, which have been forgotten for the better part of a generation. I'm optimistic, in the sense, that sometimes, the best way to give somebody an uplifting experience, is a kick a pants. We're about to receive that kick!

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## How an Economy Is Run

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**Q:** Can you go into more details and specify what are the complete issues in economics?

**LaRouche:** Very few people today understand econom-

ics, at all, in any practical sense. We should take all monetary theory, papers, and ideas—*bury them!* Look at an economy in a physical way. By physical way, I mean, if you are running a firm—an actual firm, not as some stockholder, trying to make profit; but trying to run that firm, and make it successful, how do you think? How must you think, to run that firm? If you were a government, who's dealing with this kind of problem, how must you think?

How does an economy actually work—a *physical* economy? Forget the money! A physical economy: You start with physical things. You start with a very simple thing: the physical cost of living of a family. The things that are needed by a family, to sustain a family, of a person who's working in a certain capacity in a firm. You think of all the physical components you have to put into that standard of living, including essential public services—health-care insurance, and so forth. What must you give a family, to live?

Now therefore, you have two things. The first thing, you look at in a firm: You have your materials, which is your supply, and you have your process-sheet, the process of production in which people are engaged. These are physical things. Now you think about your supplier, as a firm. You think about how *he* functions. You have to understand *his* firm, as you understand your own. You have to understand *his* problems, because you have to *rely* upon him, therefore, you have to know, in what degree is he reliable.

Now then, you go on to other things. You now say, what affects productivity? Productivity ultimately comes from science. It is the mastery and application of new physical principles, which enables man to increase his power in nature. So therefore, you have to promote science, to give you technologies. You invest in the technologies, in the form of capital, such as machine tools and things like that; new kinds of materials.

Now that means that your firm not merely has the current costs of operation, but you have a capital factor. You have a medium- to long-term investment, in technology, in the form of capital. And you also have to have a factor of improvement, which is going to improve the performance in capital, over the coming period. That improvement factor, you can call "profit." Now, this gives you an idea, these costs that I just listed, give you an idea of what the price is, because to stay in business, you must meet those costs. Otherwise, you're going to collapse.

## Regulation of Currency and Prices

All right. Now, what affects the productivity, in the same sense, of a whole economy? We have to think in terms of productivity, per capita and per square kilometer. Now, what affects productivity per capita and per square kilometer? Assuming all the firms were at a certain level of productivity, what would determine the relative level of productivity in the economy as a whole? Infrastructure; transportation; production and distribution of power; water management; education, and so forth. So, these factors determine how efficient the individual parts of the economy are. How much do traffic

jams cost the daily economy? How much time is lost?

So therefore, the infrastructure determines your productivity. A modern economy requires at least 50% of its total expenditure must be for infrastructure. And, as you improve the application of science, improve technology, and *increase* the capital factors, your productivity will increase, per capita and per square kilometer. Now you know what the prices have to be—not necessarily in currency, but in terms of ratios.

Now, what do you want? You issue a currency, by a government. You issue this as credit. When you have a proper system, like the American system used to be, independent central banks don't exist in good government. Private banks exist, but not independent central banks. All kinds of private banks exist. For example, credit unions are like a bank; other things are like a bank; then you have other kinds of banks, which function as regular banks—full-service or specialized banks. You can even have, within sections of a country, a regional bank run by the local government. But the key thing is the National Bank.

What the government does, the government exerts a control over money, as in the U.S. Constitution: Only the Federal, national government can issue currency. Now, the currency of the Federal government is a debt, it's a national debt. The debt is deposited in a National Bank. The National Bank then issues loans to reinforce the savings system in the private-sector banks. The function of the National Bank is to ensure that a flow of national credit, in the form of either currency or commitment to print currency, is in order, to have enough money in the system to finance large-scale infrastructure projects, other capital formation, and to put in a factor of growth.

But, the Federal government, through National Banking, has to do something else: It has to engage in laws, through the way it taxes and other things, to *ensure* that the prices of essential industries—the prices of their goods—do not fall below the level at which capital, in those areas, is destroyed. I'll give you a very concrete example for Italy, right now: Italy has a commercial relationship with China. However, China's cheap labor tends to dump products on the Italian market, which will crush the existence of existing Italian producers. Why? Because the World Trade Organization (WTO) system results in a crushing and destruction of capital in countries, through lowering the price of goods, below the level at which these companies can compete and maintain their capital.

Now, you've got two problems here: The Chinese aren't getting enough money for what they produce, because they're using up a large part of their labor force, with cheap labor. They're using them up, like burning paper. If we try to compete with that in Italy, we destroy our own economy. Therefore, we should wish the Chinese well, but we have to protect our industries, because, it's not good for them, in the long run, for Italy to die.

## The Factor of Long-Term Capital

But, they don't understand economics! That's the problem. But, what we have to do, is, *we* have to understand eco-



nomics first. We have to understand capital factors. See, the consumer society does not understand capital factors. The consumer society mentality is, “How cheaply can I get what I want to eat now?” Which is stupid! Because if we’re going to increase the standard of living of the people of Italy, we have to increase the capital factors. You’ve got to put enough capital into the system to make the Casa di Mezzogiorno work. Otherwise, you’re going to have a sinkhole of poverty in the Mezzogiorno. If you crush people, crush the areas in which they live, don’t develop the areas in which they live, you are buying a crisis for the future.

See, our concern has to be, the small producer—particularly the small farmer, the small businessman—does not have the political power to protect himself, on these issues. A good, healthy economy does not want too much domination by large stock operations. See, because the stockholder often just wants a profit on his stockhold—he doesn’t care what happens to the company! You want the true entrepreneur, who is trying to perform. And you must structure the society so that the true entrepreneur is protected against the stockholding company. Which means, the government must understand capital factors.

Capital factors are 25 and 50 years. If you have a baby today, and if the baby grows up under a good educational system, with good opportunities, what will be the age at which that baby has grown to the point of becoming a professional in society, today? Twenty-five years. What is the average length of life, of capital factors, in a large-scale—say, power-producing and distribution network? It’s also about a quarter-century. The capital cycle is about—we run in plus-or-minus one generation. National systems, like national water systems, will run two generations: 50 years. Machine-tool improvements of any significance may run 5 to 15 years.

So therefore, we have to think, if we’re going to run a society, and we’re raising children, we have to think one and two generations ahead. You can’t plan the way the Soviet system tried to plan. What you have to plan on, is creating the conditions, under which people will succeed. And, what we did—in the big change, over the past 40 years—is we went entirely away from the idea of the producer-oriented society, into the consumer-oriented society, especially in America and in Europe. We became like Rome after the Second Punic War: Steal from the rest of the world, and get pleasure today; provide people with bread and circuses.

What we have to do, is make a country strong. We have to make *all* countries strong, by an understanding of particularly economic factors, such as capital factors. We must do what we did, in approximation, in the post-war period: We need a system of fixed exchange rates; we need a gold-reserve-backed system, in order to control fixed exchange rates; we need a system of tariff and trade regulations; we need fair trade policies, which protect capital factors in small business; and we must concentrate on increasing the capital ratios in economy; and we must have a science-driver orientation; and we must have a policy of adding new technologies, which are capitalized to existing technologies, which are capitalized.

For example, if you have a technological cycle where, every five years, you’re making significant technological improvement in production; and you have capital investments which have a 25-year cycle—machine-tool and other capital investments, whatever; 10- to 15-year cycle—how does the economy work? You’re *adding* new technologies to the economy. You’re still using the old technologies, in the 15-year cycle, or the 25-year cycle, but by adding the new technologies, you’re increasing the technology of them all, combined. That means, you’ll need an educational system, that matches that! You have to have an educational system, which is upgrading the population constantly.

## The Economy for Your Grandchildren

Look, we *did* these things, as reconstruction, in the post-war period. It wasn’t perfect, by any means. But, that was the *direction* we were going at. And, that’s what we’ve lost.

So, it’s not something brand new. It’s simply a fresh understanding of what we knew, or had learned how to do, in previous times. The job is to lay this thing out, as I’ve made it very summarily here—it’s a much more detailed case, as you can imagine!—but to lay this out, in ways so people begin to understand what we’re talking about, about what economic policies should be! What’s you’re grandchild going to look like, coming out of university, 50 years from now? That’s the way you have to think! That’s the way a healthy society thinks! You think of what your ancestors did for you; you think what you’re going to do for your grandchildren.

That’s what built the United States: People came from Italy, for example, in great numbers, in the second part of the 19th Century. They came in poor. They came largely from the Mezzogiorno—

**Q:** Also from this region.

**LaRouche:** Yes, right. They came in poor. They worked hard. Their children often did better. Their grandchildren became leading professionals in the United States, today. And this was the way in which the best part of the United States functioned, as a melting-pot society, in which people thought of the United States as a place of opportunity. And this was our source of strength. And, it’s the only way to run a society. It’s the only Christian way to run a society, certainly!

If you believe in immortality, then, what are you living for? Except to fulfill a mission. What are you doing for the future? What are you doing to remedy the injustices that were imposed upon the past? You don’t need just a practical sense, of what an economy requires: You need a *passion to do good*. And, you also need the knowledge of how to do that good.

The problem today is, generally, society does not have that passion. They say, “How can I get rich?” Not, “How can I do, what will fulfill my life?” Us older fellows are a little bit wiser than that. I don’t have any plans for 50 years from now! Not for me! I have plans for people who are living today, and young—but, not for me. And, that’s what I live for; I think that’s what every wise person lives for. So, I’ll do everything I can, in that direction, to make this clear to people.

## ‘Beast-Men’ Cheney, Sharon Plan New, Nuclear Mideast Wars

*This release was issued on Oct. 14 by the LaRouche in 2004 political committee.*

Lyndon LaRouche, one of only two Democratic Party Presidential candidates certified by the Federal Election Commission (FEC) as qualified for Federal matching funds, issued a strong warning on Oct. 14 that the world is facing a major eruption of war in the Near East in the immediate weeks ahead, unless President Bush can be made to intervene forcefully and publicly, to curb Israel’s breakaway-ally regime under Ariel Sharon.

LaRouche said that we have reached a strategic danger-point where, unless “Beast-man” Dick Cheney is dumped from the Bush Administration, and “Beast-man” Sharon is stopped, a new Middle East war is virtually certain between now and some point in November, with the possible new, horrific feature of Israeli use of nuclear weapons against targets inside the territory of Iran. Israel is economically and strategically bankrupt, and hopeless. Sharon is losing ground. Under these circumstances, the mad-dog faction in Israel could use nuclear weapons versus Iran.

LaRouche drew attention to the report, published in the Oct. 12, 2003 *Los Angeles Times* (“Israel Adds Subs to Its Atomic Ability,” by Douglas Frantz), that Israel now has deployed submarines, carrying nuclear-armed Harpoon missiles, able to strike Iran and other regional targets.

LaRouche further warned: The U.S. military has no capability for carrying out any further wars, so long as American forces are tied down in Iraq—unless the U.S.A., too, were to resort to the use of nuclear weapons. Thus, if the current, planned Israeli war stunt is not stopped now, we also face the prospect—going into the pre-U.S.A. election Autumn of 2004—of a desperate Cheney-led and chicken-hawk-dominated Bush Administration being tempted to use nuclear weapons against North Korea. At this moment, the neo-conservatives in and around the Bush Administration are pushing for Israel to use nuclear weapons to set the precedent for the

later American use of mini-nukes against targets in North Korea. The controllers of this neo-con war-party apparatus need their Sharon asset to do the job, to set off this chain of events.

LaRouche concluded, that an American Presidential crackdown on Sharon is the only near-certain way to stop this Sharon war plan. The danger in the immediate period ahead is that Israel attacks Syria and then Iran, leading to a U.S.A. nuclear attack on North Korea just prior to the 2004 Presidential elections.

### **Cheney’s Steps to War**

At the center of this war drive, and the protection of Sharon, is Vice President Dick Cheney, who has recently revived the drive to attack Syria and Iran—through a Sharon-led Israeli “surrogate war.” A timeline of recent events highlights Cheney’s role in this mad effort to blow up the Near East:

- In early September 2003, David Wurmser, the primary author of “A Clean Break”—the July 1996 scheme to wreck the Oslo Peace Accords, prepared for then-Israeli Prime Minister Benjamin Netanyahu—was transferred from the State Department arms control office, where he was special assistant to John Bolton, to the Office of the Vice President, replacing Eric Edelman, who was named to be the new U.S. Ambassador to Turkey. At that point, Cheney revived the targeting of Syria and Lebanon, which had been scotched at the close of the Iraq war in late April, despite feverish efforts at the time by the war party to extend the Iraq war into Syria.
- On Sept. 16, again at Cheney’s urging, Bolton was given the green light to testify before a House Foreign Affairs subcommittee, on Syria’s role in terrorism and its illegal WMD program. This testimony had been stopped a month prior, when the CIA produced a 38-page document, disputing many of Bolton’s charges against Syria. The day after Bolton’s testimony, the same subcommittee heard rabid testi-

## Israel Adds Nukes to Subs

While Israel's *Ha'aretz* on Oct. 10 and Germany's *Der Spiegel* on Oct. 11 carried reports that an Israeli military attack on Iran is imminent, the *Los Angeles Times* on Oct. 12 reported that Israel now has an operational, nuclear-armed cruise missile capability. Two unnamed Bush Administration officials have disclosed, according to the *Times*, and an Israeli official confirmed, that Israel has modified U.S.-supplied cruise missiles, and installed them on the three German-built submarines in its navy.

Not only does the new capability strengthen Israel militarily (or, as the *Times* puts it "bolsters Israel's deterrence") but it also complicates efforts to persuade Iran to abandon its suspected nuclear program. Unlike Iran, however, Israel is not a signatory of the Nuclear Non-Proliferation Treaty.

"The presence of a nuclear program in the region that is not under international safeguards gives other countries the spur to develop weapons of mass destruction," said Nabil Fahmy, Egypt's ambassador to the United States.

"Any future conflict becomes more dangerous."

One of the officials who spoke to the *Times* admitted that this is a factor in the dispute over Iran's program. "A big source of contention is Israel," he said. "This is a magnet for other countries to develop nuclear weapons." Joseph Cirincione, the director of the non-proliferation program at the Carnegie Endowment for International Peace, said, "You are never going to be able to address the Iranian nuclear ambitions or the issues of Egypt's chemical weapons and possible biological weapons program, without bringing Israel's nuclear program into the mix."

Israeli officials interviewed by the *Times* did not provide any details beyond confirming the new nuclear capability, but U.S. officials believe the Israelis modified Harpoon missiles to carry the warheads. The Harpoon normally carries a 488-pound high-explosive warhead, so the Israelis would have had to reduce the size of the nuclear device to make it fit, a task well within their engineering capabilities.

The Israeli daily *Yediot Aharonot* on Oct. 12 published a photo of the Dauphin submarine, with graphics explaining how it could "sneak up" toward Iran and fire its nuclear warheads.

—Carl Osgood

mony on Syria and Lebanon from Daniel Pipes and Gen. Michel Aoun, former Lebanese Prime Minister (1988-90) and a prop in the Hudson Institute drive for a war against Syria. The Hudson Institute Mideast project is headed by Meyrav Wurmser, wife of David Wurmser, now of Cheney's staff. She also co-authored "A Clean Break," along with Richard Perle, Charles Fairbanks (Paul Wolfowitz's closest friend and disciple), Douglas Feith and others.

- On Oct. 5, Israel bombed sites inside Syrian territory. While the attacks were ostensibly in retaliation for a suicide bombing in Haifa the day before, the Israeli Cabinet had in fact approved the bombing raids into Syria six weeks earlier. Sharon's announcement of the Syria raids used formulations taken verbatim from President Bush's March 20, 2003 announcement of the launching of the U.S. invasion of Iraq.

- Oct. 9, the Bush Administration lifted its opposition to the Syria Accountability and Restoration of Lebanese Sovereignty Act—a bill modeled on the Iraq Liberation Act—that would pave the way for sanctions and "regime change" in Syria and Lebanon. The bill is being pushed through Congress on a fast track, delivering an unambiguous message to Sharon that he has a green light from Washington to attack Syria.

- Oct. 12 marked the opening of a five-day conference in Jerusalem, which can only be described as a "gathering of the beasts" to prepare for the new wars, targeting both Syria and Iran. The event is co-sponsored by the U.S.A.-based Christian Zionist front, the National Unity Coalition for Israel (NUCI);

the City of Jerusalem; the Israeli Ministry of Tourism; and the Mikhail Chernoy Foundation, a Russian Mafiya front in Israel. Along with the most rabid Israeli "Beast-men"—from Bibi Netanyahu, Rabbi Benny Elon, Effi Eitam, Ehud Olmert, Avigdor Lieberman to Uzi Landau—other featured speakers include Richard Perle, Frank Gaffney, Alan Keyes, Yossef Bodansky, Daniel Pipes and Rev. Mike Evans.

### Partner-in-Crime Is Shultz

LaRouche emphasized that Cheney is accountable for the Iraq fiasco. Cheney was the point-man for the war party faction. He is accountable for the fact that the U.S. military is at the breaking point. If President Bush and Secretary of State Powell fail to get 50,000 foreign troops into Iraq before year's end, then the Pentagon will be forced to call up 100,000 more reservists and National Guardsmen for duty in Iraq, to rotate out the existing forces. The military hospitals are overflowing with casualties from the Iraq war. Some eyewitnesses describe it as a situation unseen in the United States since the Civil War. This is the hidden scandal of the ongoing Iraq war, a scandal that is too big to hide.

And Cheney's partner-in-crime, LaRouche concluded, the real "Beast-meister," is George Shultz. He is not only the Godfather of the neo-con team that seized control of the Bush Administration before it even came into office. Shultz is also the man behind the Arnold Schwarzenegger recall election atrocity in California.

# Syria, Iran Brace for U.S. or Israeli Attack

by Muriel Mirak-Weissbach

Since Lyndon LaRouche warned of new Israeli attacks—even nuclear attacks—against Syria and Iran (see lead article in this section), the neo-conservative drumbeat for such a war has gotten loud in Washington. The Oct. 15 veto by U.S. Ambassador to the UN John Negroponte, of a UN Security Council resolution condemning Israel's new assault against Gaza, signalled support for such a scenario by the U.S. war party led by Vice President Dick Cheney. Shortly after the veto, three Americans were killed in a car bomb explosion in Gaza, escalating the violence qualitatively.

Anyone, among the crazed neo-cons, who believes that knocking out Syria and Iran would contribute to “stabilizing” the situation in Iraq, is clinically insane. Action against Damascus or Tehran would throw the entire Iraq crisis into a qualitatively new, explosive phase. Contrary to the neo-con propaganda, Syria is concerned to stabilize Iraq, if at all possible. According to sources in the region, there have been discreet talks going on between Syrian and American circles, precisely on Iraq. It is mooted that some cooler heads around President Bush have realized that Syria could play a positive role there. One source said that the Israeli bombing of Palestinian camps near Damascus on Oct. 5 was in fact undertaken, on orders of the Cheney-led war party, to sabotage these talks. Similarly, the rush in the U.S. Congress to pass the Syria Accountability Act was the work of the neo-cons allied to “Christian” fundamentalist forces.

## Syria and Iraq

Syrian-Iraqi ties go deep, and are longstanding. The Baath Party, which has been officially disbanded in Iraq, still exists, with an estimated 4 million members, and has good relations with the Syrian party of the same name. Tribal groups in the two countries often overlap. Many of the members of the Iraqi Governing Council (IGC) were in Syria before the war. Thus, the influence of Syria is considered significant.

Dovetailing with this reading is the news that Abdel Aziz al-Hakim, the new leader of the Supreme Council for the Islamic Revolution in Iraq (SCIRI), visited Damascus from Oct. 13-15. After talks with Vice President Abdel Halim Khaddam, Hakim said that Damascus could “follow the example of other countries in the region and play an important

role in the reconstruction of Iraq.” He told the press he had asked officials to work “to strengthen relations between the Iraqi and the Syrian people” and to “support the Iraqi people’s effort to recover independence, sovereignty and stability.” It has also been made known in Tehran, that Iran will lend Syria whatever assistance is required, should the Congressional initiative of the Accountability Act be translated into sanctions against Damascus. The two governments are coordinating their policies very closely.

## The View From Iran, Russia

Iran, too, is bracing for a confrontation. One trigger could be a failure of the Iranian government and the International Atomic Energy Agency (IAEA) to reach agreement regarding the agency’s demand that Iran sign an additional protocol to the Non-Proliferation Treaty (NPT), by the deadline of Oct. 31. If the talks currently ongoing in Tehran collapse, the issue could be referred to the UN Security Council, where the United States could mount a new war drive.

Prior to flying to Tehran, IAEA Director General ElBaradei was in Moscow for talks with Foreign Minister Igor Ivanov. Ivanov told journalists on Oct. 15, that the two had “thoroughly examined the nuclear problems of Iran and North Korea.” He expressed his hope that ElBaradei’s trip to Iran would yield “tangible results” and recommended that Iran “provide exhaustive information on all its previous programs.” He said that Russia favors Iran’s signing the protocol, and added, “Iran suspending uranium enrichment would also be important.” Although Ivanov stressed that “it is indeed the right of Iran to conduct uranium enrichment,” he said, “considering the complicated and tense situation around the nuclear problem of Iraq [sic], it is necessary to take steps which would strengthen trust.”

Clearly, Russia perceives the danger that non-cooperation on Iran’s part would be immediately exploited to set up a confrontation. When asked if he thought the Iran situation could develop according to the “Iraqi scenario,” he said that that was what he and ElBaradei had discussed. “I think no one is interested and should not be interested in seeking events in Iran develop according to the Iraqi scenario.” He added, “We still do not know what is to be done in Iraq,” where the situation becomes increasingly “complicated.”

## The Shi’ite Factor

Any action against Iran would have immediate repercussions inside Iraq. There, resistance against the occupying forces has continued to grow in scope, ferocity, and frequency of attacks. For example: On Oct. 12, an American soldier was killed in Bedji, and the Iraqi Oil Minister and the Vice Chairman of the IGC narrowly escaped an assassination attempt. On Oct. 13, two American soldiers and one Iraqi assailant were killed. In Jaljulah, a U.S. military convoy was attacked, and one GI killed; another U.S. soldier was killed by

a grenade in Tikrit. In Basra, on Oct. 13, four British soldiers were wounded. On Oct. 14, shooting broke out at the Palestine Hotel, where foreign personnel are housed. On Oct. 14, the Turkish Embassy in Baghdad was hit by a car bomb explosion.

The Iraqi resistance is currently mainly composed of pro-Saddam Hussein and Baath party forces, joined by tribal groups. Thus far, there has been no official, active participation of the large Shi'ite organizations, especially the SCIRI, or the Kurdish parties in the north. Were Iran to be attacked, this could change overnight.

The Shi'ites at present are tolerating the U.S. presence, on condition that they maintain full control over the holy cities of Najaf and Kerbala, and that they be allowed to share power. They are demanding that the occupation end soon, and power be handed over to the Iraqis. If their demands are not met, they will join the resistance. It would be the religious—not political—leaders who would make such a decision. If a *fatwa* (religious decree) were issued, for example, by Ayatollah al-Sistani in Najaf, it would be incumbent on every Shi'ite believer, inside Iraq or abroad, to comply.

Although al-Sistani, who is a religious leader, and the SCIRI (which is represented in the Iraqi Governing Council), both seek to avoid war, there are other, more radicalized Shi'ite forces who are striking a more hostile posture. It is these who have been gravitating to the young Shi'ite self-styled leader, Moqtadeh al-Sadr, in Kerbala. Moqtadeh is described as an enraged young radical, propelled into a position for which he is utterly unqualified. His Arabic is reportedly poor—he cannot deliver a speech without a text; and his followers are mainly from the ranks of the uneducated, poor, disinherited. He is seen by some as the “conscience of the Shi'ites” who do not want to deal with the United States.

Moqtadeh escalated tensions within the Shi'ite community by proclaiming a “shadow cabinet” as a prelude to declaring an Islamic state. After moves were made by his people to occupy buildings, clashes were reported in Kerbala. By Oct. 15, the internal conflict had been settled, through the intervention of religious leaders committed to preserving unity and preventing further strife. Moqtadeh was reportedly brought under control by the “wisdom of the leaders.”

The Iranian government is supporting the SCIRI, whereas more extremist forces in the Iranian clergy back Moqtadeh. If the United States and/or Israel were to attack Iran, militarily or otherwise, using the IAEA as a pretext, then the extremists inside Iran could take power, quickly, through the Basij, the Revolutionary Guards, the military and intelligence-security sectors. If they moved on orders from the religious authorities, there would be little room for hesitation. Any mobilization to defend the nation against an aggressor would be considered a duty for all Shi'ites, not only in Iran. There are Shi'ite populations in Lebanon, Syria,

Iraq, Pakistan, and so forth. This could signal the beginning of a long, irregular war, no longer only inside Iraq, but more broadly.

The Iranian reform government has been explicit in its commitment to defend the sovereignty of the country against aggression. Government spokesman Abdollah Ramanzadeh stated that, if attacked, Iran would use all means to defend itself, “and we are not joking.” This is interpreted to reflect the scenario for fighting on a broad front: in the country, in Iraq, and elsewhere.

The conclusions to be drawn by any sane policymaker in Washington would be: Stop the drive to war, before it is too late! If Syria and/or Iran are attacked, a dynamic will be unleashed, inside both Iran and Iraq, which will not be reversible. Other regional players will intervene in a bid for power. No new UN resolution will be worth the paper it is written on. Whatever the motives that led Germany, Russia, and France to vote for the new U.S. draft presented on Oct. 16, the resolution will change nothing. It will only further frustrate those forces inside Iraq demanding a transfer of sovereignty to a duly elected government.

The only thing that will determine which way political processes flow, will be whether the flight-forward hysteria reigning in Washington and Tel Aviv can be brought under control. This requires the removal from power of those propelling toward conflict: first and foremost, Dick Cheney.

## Hyping the ‘Iranian Bomb’

As if on his cue, the Mujahideen-e-Khalq Iranian terrorist group beloved of U.S. Attorney General John Ashcroft, has come out with new “evidence” of Iran’s nuclear program. The MEK, also known as the National Council of Resistance of Iran (NCRI), charged that Iran has a hidden nuclear facility, and could have the nuclear bomb by 2005. The U.S. State Department and Treasury closed down the U.S. offices of the MEK/NCRI on Aug. 15, citing their “acts of terrorism.”

Firouz Mahvi, of the foreign relations committee of the NCRI, said in Vienna on Oct. 14, “The site has been built to test centrifuges that enrich uranium. It is located 15 kilometers east of Isfahan, under the name of Isfahan’s Fuel Research and Production center.” He said the information came from undercover agents who have been working there. Mahvi also said that Tehran “has asked the contractor for the Natanz site to speed up its activities to expedite the completion of the site.”

Iran’s Ambassador to the IAEA, Ali Akbar Salehi, dismissed the report as “absolutely baseless.”

# Straussian Beast-Men Descend on Jerusalem

by Dean Andromidas

In the first two weeks of October, the Bush Administration made it clear that it would not stop the war plans of Israel Prime Minister Ariel Sharon—Vice President Dick Cheney’s “hand grenade.” Sharon bombed Syria for the first time in three decades, orchestrated blunt threats to use nuclear weapons against Iran, and escalated a brutal military campaign against the Palestinians with targeted assassinations and the destruction of hundreds of Palestinian homes. The Bush Administration has expressed support and encouragement. The killing of three U.S. diplomatic security personnel in the Gaza Strip on Oct. 15, promises to harden the Administration’s position against the Palestinians, and to see it walk away from brokering any effort for peace. War seems assured.

Amid these exacerbated events, a conference took place in Jerusalem Oct. 12-14 which could be a harbinger of the evil that could befall the region. Called the First Annual Jerusalem Summit, it brought together hardline cabinet ministers of Sharon’s government and messianic fascists from the United States, including Christian Zionists and neo-conservative disciples of the late fascist philosopher Leo Strauss, who make up Cheney’s policy establishment. Those present included the infamous Richard Perle, advisor to Secretary of Defense Donald Rumsfeld; Israeli Finance Minister Benjamin Netanyahu; and top American neo-con Daniel Pipes, who is leading a global anti-Islamic crusade.

Setting the tone for the conference was Perle’s applause for Sharon’s attack on Syria: “President Bush transformed the American approach to terrorism on Sept. 11, 2001, when he said he will not distinguish between terrorists and the states who harbor them. I was happy to see that Israel has now taken a similar step in responding to acts of terror that originate in Lebanese territory, by going to the rulers of Lebanon in Damascus.” Perle hoped the air strike reflected a new Israeli policy, and encouraged Israel to launch more strikes that will target the city of Damascus as well. “We have problems with the Syrians who continue to support terrorism. We have to find a way to get them to stop.” Asked whether the United States would use military force, he replied, “Everything is possible.” Though American armed forces are bogged down in Iraq, Perle claimed the United States could still deploy troops against “militarily weak” Syria.

A glance at this conference’s program would suggest it was a burlesque caricature of the now-famous pamphlet ex-

posé, *Children of Satan, The Ignoble Liars Behind Bush’s No-Exit War*, distributed in the hundreds of thousands internationally by the LaRouche in 2004 Presidential campaign. But a closer look revealed that this was a deadly serious gathering of beast-men committed to unleashing a Middle East war that could involve the first deployment of nuclear weapons since World War II.

The theme of the conference, incredibly, was “Building Peace on Truth.” Anyone who has read carefully *Children of Satan* would see in this theme the paw-prints of the ideological mentor of the neo-cons: Leo Strauss, whose own mentor was Carl Schmitt, Adolf Hitler’s “crown jurist.” The conference themes were based on a Straussian medley of lies.

## Financed by Cheney’s Friends

The conference was financed by the Michael Chernoy Foundation; Chernoy is a top Russian “tycoon” and reputed *mafia* boss. He resides in Israel because several outstanding international arrest warrants prevent him from travelling abroad. But he is much more than an organized crime kingpin living on the run. Chernoy was put into business—the centerpiece of which is a giant aluminum smelting empire—by notorious international sanctions buster and tax fraudster Mark Rich, whose lawyer has been Lewis “Scooter” Libby, chief of staff to Vice President Dick Cheney, the *capo di tutti capi* of the neo-con mafia in the Bush Administration.

Another sponsor was the National Unity Coalition for Israel (NUCI), which is a front for 200 Christian Zionist organizations claiming to represent 40 million Christian fundamentalists in the United States. They stand at the center of Cheney’s campaign strategy for the 2004 Presidential elections. These fundies are in full agreement with their Israeli Likud and other right-wing counterparts—especially in the effort to build the “Third Temple” and bring on a new Middle East war. This Armageddon, their TV ministers proclaim, will enable them to be “raptured” into heaven while the rest of the world is destroyed. Parallel to this conference, NUCI held an event in honor of the Jewish holiday Sukkot (the feast of Tabernacles) where 5,000 Christian fundies heard the unholy Ariel Sharon welcoming them to the holy land. NUCI founder Ester Levnes attended the conference along with other Christian Zionists, including Gary Bauer, the president of American Values; Michael Evans of the Jerusalem Prayer Team; and Rev. Malcolm Hedding, director of the International Christian Embassy in Jerusalem.

Israel’s Ministry of Tourism backed the conference officially; Tourism Minister Benny Elon is better known as “Mr. Transfer,” whose idea of tourism is to give every Palestinian a one-way ticket to Jordan. Before entering the Knesset, Elon was a rabbi of the Temple Mount Faithful, who want to destroy the mosques on the al-Haram al-Sharif/Temple Mount, in order to build the “Third Temple.” According to Yigal Amir, the assassin of Israeli Prime Minister Yitzhak Rabin, Elon was a “spiritual guide.”

## **'Healthy Morality' or Bloody War?**

The purpose of the conference was to explore "alternative pragmatic paths to peace for Israel and its Arab neighbors in a post-Oslo post-roadmap period." Conference organizers talked of promoting a "healthy morality" by their anti-Palestinian, anti-Islamic policies. Israeli Deputy Prime Minister Ehud Olmert expressed this healthy morality by telling the conference that Sharon's government is following a policy that "will create irreversible facts" preventing an agreement with the Palestinians. As for morality, Olmert is infamous for his rapacious fundraising for the Likud, functioning as its "bagman" when he goes to the United States to collect hundreds of thousands of dollars from Christian Zionist and right-wing Zionist organizations. His "sticky fingers" have led to an Israeli police investigation of his taking bribes from Israeli contractors. One of the co-conspirators in that case is his boss, Ariel Sharon.

The highlight of the conference came when Richard Perle received the first-ever Henry "Scoop" Jackson award. The award was named after the Senator from the state of Washington who, in the 1970s, was the chief sponsor of many of today's neo-cons, including Perle and Deputy Secretary of Defense Paul Wolfowitz. Conference director and head of the Chernoy Foundation, Dr. Dmitry Radyshevsky, in announcing the award to Perle, stated, "There is no better model to base such an award on than the legendary Scoop Jackson, and no more fitting recipient of the first annual award than Scoop's close friend and colleague Richard Perle."

One senior Israel political observer told *EIR* that most of the Israeli political class saw the Jerusalem Summit as one of "cuckoos" and fringe extremists. But among the "cuckoos" were half of Sharon's government. The rotund Infrastructure Minister, Avigdor Lieberman—co-leader, along with Benny Elon, of the fascist National Union Party—is financially backed by Russian tycoon Chernoy, and is known for advocating bombing "Teheran and Cairo," as well as killing Arafat. Housing Minister Effi Eitam, the head of the National Religious Party, whom many Israeli commentators refer to as a "messianic fascist," also believes in transferring Palestinians out of the Land of Israel, not to Jordan, but to Egypt's Sinai Peninsula. Others attending included Uzi Landau, minister in Sharon's office, and Finance Minister Benjamin Netanyahu. The latter gave a speech entitled, "The Failure of the UN in Dealing with the Global Moral Crisis."

Otherwise, the conference featured restatement after restatement of the neo-con Straussians' warped "moral" defense of their anti-Islamic, anti-Arab, anti-peace policies, and justifications for a wider Middle East war launched by Israel. Thus during the first session, "The Crisis of Morality and International Policy: How Israel May Be the Solution," one found Dr. Avi Becker, secretary general of the World Jewish Congress, attacking the United Nations Relief and Works Agency, the largest relief organization dealing with impover-

ished Palestinian refugees whose numbers are increasing every day, as "incubating terror." During the same session, Morton Klein of the ultra-right "Zionists of America," led one of two panels on anti-Zionism as the "heart of immorality." Also on hand was Dr. Hillel Fradkin, president of the the Ethics & Public Policy Center at the stronghold of the neo-cons in Washington, the American Enterprise Institute, better known as the "Temple of Doom." Fradkin, who was a disciple and friend of Leo Strauss, spoke on the "prospects for moral revival."

One of the afternoon workshops was "Peace Against Truth: When Peace Movements Reinforce Evil." Its moderator was Prof. Aryeh Eldad, a member of the ultra-right National Union, which is devoted to the "transfer" of the Palestinians to Jordan. Eldad's father is well known for having been a member in the 1940s of the terrorist Stern gang, and for his translation of the works of Nietzsche into Hebrew.

## **Peace by Ethnic Cleansing**

A conference session on "Israel Endangered: A Threat to the Free World" featured speakers denouncing a Palestinian state from every possible angle, including the security, economic, social, and strategic aspects. Among them was Yossef Bodansky, director of the Congressional Taskforce on Terrorism and Unconventional Warfare, and one of the chief neo-con propagandists in Washington. Bodansky is notorious for having been a controller of the American spy for Israel, Jonathan Pollard, now serving a life sentence in the United States.

The conclave concluded with "Alternatives for a Just and Durable Peace in the Middle East," chaired by Herbert Zwiabon of the Americans For a Safe Israel. Here, the featured speaker, again, was Benny Elon, who presented his "peace initiative." Its center is the transfer of Palestinians to what he considers the true Palestinian state, Jordan. No fewer than five "scholars" debated the merits of this "peace plan."

Other conference speakers included a bevy of American neo-cons, such as: Alan Keyes of the American Enterprise Institute; Frank Gaffney, Center for Security Policy; Fox News host Cal Thomas; and Prof. Johnny Swails from Oral Roberts University. According to the conference organizers, the creation of an "international think-tank" dedicated to "searching for solutions . . . based on the rock of everlasting values" will follow. But make no mistake: Behind this Straussian double-talk is a commitment to perpetual war, and a clash of civilizations against the Islamic world.

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# New Peace Initiative Aims To Outflank Sharon

by Dean Andromidas

A new Israeli-Palestinian peace initiative was launched in mid-October to revive the peace movement and outflank Israeli Prime Minister Ariel Sharon and his hardline government. An Israeli team led by former Israeli justice minister Yossi Beilin, and a Palestinian team led by Palestinian negotiator Yasser Abad Rabbo, drafted an agreement which could form the basis for a final settlement of the Israeli-Palestinian conflict. Although the draft peace treaty, dubbed the "Geneva agreement," has no official standing, it has been boisterously attacked by Sharon and his right-wing government. Even before it was officially announced, Sharon referred to it as nothing less than a "cynical attempt by Labor and the left to topple the government by illegitimate means."

By contrast, Palestinian President Yasser Arafat, although for diplomatic reasons not openly endorsing it, nonetheless expressed public satisfaction with the effort. Abad Rabbo is a strong Arafat loyalist, and has said that the agreement has Arafat's blessing.

Sharon's fear, of what appears to be a "virtual" peace agreement with no official standing, exposes the big lie his government has been brainwashing the Israeli public with: that there is "no one to talk to" among the Palestinians. In a retort to the right-wing attacks against the agreement, Beilin said, "I know that they'll say this is a bad agreement, that we caved in and gave away everything. But one thing they won't be able to say: that there is no partner [for an agreement]." Former Labor Party parliamentary leader Amram Mitzna said of Sharon, "Maybe he is nervous we will burst the illusion that there is no one to talk with and nothing to talk about."

The negotiating leaders will now take the agreement to the Palestinian and Israeli public. They will also seek support for the accord from foreign governments, political leaders, and intellectuals. Both Beilin and Abad Rabbo have already met Egyptian Foreign Minister Ahmed Maher and Osama al Baz, the special advisor to Egyptian President Hosni Mubarak.

## What Should Have Been Agreed at Camp David

A signing of the accord is expected to take place in Switzerland on Nov. 4, the eighth anniversary of the assassination of Israel Prime Minister Yitzhak Rabin. The Swiss Foreign Ministry, one of the sponsors of this project, is organizing the event, and seeking official representation from European and Middle Eastern governments. It is hoped that former Ameri-

can President Jimmy Carter, who is said to have supported the effort, and former President Bill Clinton, will attend.

This Geneva Agreement could have already been a reality if President Clinton had not allowed former Israeli Prime Minister Ehud Barak to sabotage the Camp David talks in the Summer of 2000, and if Barak had not allowed Sharon to make his infamous march on the al-Haram al-Sharif/Temple Mount in September 2000, which sparked the current Intifada. The drafters say a final settlement agreement like theirs could be completed by 2005, with a sovereign Palestinian State side by side with Israel, whose borders would be finalized for the first time in its history. They also place their effort in the context of the Road Map for a Middle East peace, which has been endorsed by Russia, the European Union, the United Nations and the United States.

The draft (see box) resolves all the outstanding issues. For the Palestinians, it clearly states that they would receive 98% of the West Bank and the balance of 2% will be compensated with a land exchange. It also states which Jewish settlements would be under Palestinian sovereignty, and which would become part of Israel; and defines the capitals of both states. The al-Haram al-Sharif/Temple Mount would be under Palestinian sovereignty while the Western Wall and Jewish Quarter of the Old City would be Israeli. All faiths would have access to these holy sites, with security maintained by an international police force.

Along with recognition of Israel, most important for the Israeli side is a de facto abandonment of the "right of return" by Palestinians to the territory that is now Israel. The right of return will have to be exercised, instead, as a return to the new Palestinian state. These last two concessions by the Palestinians lay to rest the two issues used by Sharon and former Prime Minister Ehud Barak, to claim that the Palestinians do not recognize Zionism and want to destroy the Israeli state, if not with terrorism, then with the right of Palestinian immigration.

## Who Backs the Agreement?

The two years' work on the draft document has been supported financially and logistically by a private Swiss foundation and the Swiss Foreign Ministry. In a cover letter sent to Foreign Minister Micheline Camy-Rey, the drafters state that they do not represent their respective peoples in any official or "binding sense"; nonetheless, their "approach represents vast sections of the public opinion on both sides."

The two negotiating teams, especially the Palestinian, represent strong political cross sections of their respective populations. Yasser Abad Rabbo, was the official negotiator for the Palestinians at the 2000 Camp David talks. Considered highly astute and a strong nationalist, he has the full confidence of Arafat, and of former Palestinian prime minister Abu Mazen (Mahmoud Abbas) and current Prime Minister Ahmed Qureia.

Others included: Nabil Kassis, a former high-level official of the Palestinian National Authority; Hisham Abdel Razeq,



former Palestinian minister of prisoner affairs; and two leaders of the Fatah-affiliated Tanzim organization, Kadoura Fares and Mohammed Khourani. Fares is said to be close to Fatah head Marwan Barghouti, the most popular Palestinian leader after Arafat and his natural heir. Barghouti, a tough nationalist but equally a strong advocate for a negotiated settlement, is now sitting in an Israeli prison, having been tried for alleged terrorist offenses. Fares announced that Barghouti has given his support to the agreement. Khourani told the press, "We understood that Israel cannot defeat us by military means, but we also understood that we can't defeat Israel, and the solution must be political."

Although the Palestinian population seemed skeptical of the agreement at first, and the agreement got little press coverage, the fact that Sharon and all the members of his insane government have attacked it has created great interest.

The full Israeli team included Yossi Beilin, who drafted the original Oslo Accords and was a former Labor Party minister in the governments of Prime Ministers Yitzhak Rabin and Ehud Barak. In the last elections, Beilin left the Labor Party to join Meretz, but failed to win a seat in the Knesset. Others include Knesset Members Haim Oron and Yossi Sarid of Meretz; and Labor Party Members Amram Mitzna, Avraham Burg, and Yuli Tamir. Also included are Amnon Lipkin-Shahak, who was a former Chief of Staff of the Israeli Defense Forces (IDF); former Knesset Member Nehama Ronen of Likud; Brig. Gen. (res.) Giora Inbar; and author Amos Oz.

These Israelis plan to make the agreement the focal point of a revival of the peace camp. Mitzna told *Ha'aretz* on Oct.

13, "The peace camp now has an agenda. We've finished the easy part; now we've come to the hard part—to return to Israel and knock on every door, and convince the public."

It is not only peace groups who will mobilize behind the accord, but a new political party, expected to be created by the end of this year. The long-awaited social-democratic party has been the topic of discussion for over a year. Probably to be called Yahad—Hebrew for "Together"—it would include the five Knesset Members of the Meretz Party, as well as several who would split from the Labor Party, including Mitzna, Tamir, and Burg, who participated in drafting the accord. The One National Party led by Amir Peretz, who is also secretary general of the Histadrut labor federation, is a target to join. Although no longer a Knesset Member, Beilin would be in the running as the new party's leader. It is hoped that a faction of 10 Knesset Members could become the spearhead of an effective parliamentary opposition to the Sharon government.

Sharon's freakout against the accord may help revive the peace camp. One recent poll taken only a few days after the announcement of the agreement, showed that 39% of the Israelis polled said they would support it. Sharon's friends in Washington are not happy either. U.S. State Department spokesman Richard Boucher said the United States would not support the accord, citing the fact that it is a private initiative. Unless Sharon and his Washington backers blow up the Middle East in the immediate future, the Geneva Accord will become a crucial counterpole to his insane policies, which are responsible for the death of thousands of Palestinians and Israelis.

## Heads of the Agreement

The main provisions of the "Geneva Agreement" worked out by a team of Israeli and Palestinians, as published in the Israeli daily *Ha'aretz* on Oct. 15, include:

- The Palestinians concede the right of return, although some will be able to return to Israel for humanitarian purposes. Although not explicitly stated in the agreement, this is juridically clear, because the Palestinians agree that anyone who requests to return must receive official approval from Israel. The Palestinian refugee problem will be solved through resettlement in the Palestinian state and other countries.
- The Palestinians recognize Israel as the state of the Jewish people.
- Israel will withdraw to the 1967 borders, except for certain territorial exchanges.
- East Jerusalem will become part of the Palestinian state with Jewish neighborhoods, and suburbs in the West

Bank, become Israeli.

- The al-Haram al-Sharif/Temple Mount will be Palestinian, but an international force will ensure freedom of access for all faiths. However, Jewish prayer will continue to be forbidden there. The Western Wall will remain under Israeli control. The so-called "Holy Basin" will be under international supervision. This part of the accord is unique in that it details how Jerusalem—the old city, and the various Jewish and Palestinian neighborhoods—will be managed without physically dividing the city.
- The settlements of Ariel, Efrat, and Har Homa will be part of the Palestinian state. These are large settlements that are deep in the West Bank. In addition, Israel would transfer parts of the Negev Desert adjacent to the Gaza Strip, in return for settlements located in the West Bank.
- The Palestinians would pledge to prevent terror and incitement and disarm all militias. The Palestinian state would be demilitarized, and border crossings would be supervised by an international force.
- This agreement would replace all relevant United Nations resolutions.

# South Korea: Target for Cheney 'Regime Change'?

by Kathy Wolfe

U.S. Vice President Cheney and Defense Secretary Donald Rumsfeld are forcing South Korea to send troops to Iraq, provoking student riots, and turning President Roh Moo-hyun's youth base against him, in what may be a deliberate attempt to paralyze the South Korean government. Making South Korea ungovernable, these neo-cons think, would fully isolate North Korea.

Rumsfeld on Oct. 7 postponed his scheduled Oct. 24-26 Seoul trip to the annual Republic of Korea-U.S. Security Summit until an unspecified date, citing his and President Bush's busy schedules. In fact, "Rumsfeld sees no point visiting, until our government agrees to send troops to Iraq," a Seoul diplomat told *EIR*. "He's trying to twist our arm a little harder."

Meanwhile, President Roh shocked the public in two TV press conferences Oct. 10 and 11, announcing that he will resign if he does not win a national referendum which he has called for Dec. 15. Roh, just inaugurated in February, said he was sickened by corruption charges against a top aide, and that the opposition-run National Assembly had forced him to fire his Home Minister and his Chief Auditor. "The President's authority has been so seriously undercut, that the administration of the state has been thrown into chaos," he said. There is no provision for a referendum in the Constitution, the National Assembly opposes it, and Seoul is in an uproar.

But Roh and all Korean leaders are making a fatal mistake, to treat this as a domestic crisis. This crisis wasn't caused by corruption, or anything done by any Korean. *It can never be resolved domestically.*

Foreign pressure by the Cheney neo-cons is to blame. It has put Roh in a pot of boiling water. Nothing he does inside the pot, stops it from cooking him.

The fundamental problem is Korea's economic crisis, due to International Monetary Fund (IMF) austerity "reforms" and the U.S. economic crash. Koreans are enraged by the effects of this, and the troop issue lights a match to gasoline. The corruption scandals are run by Cheney's friends at Washington's American Enterprise Institute and their assets in the Assembly and prosecutor's office.

Even Washington's charges about Pyongyang's uranium program, which have brought Korea to the edge of war, were hyped up deliberately to create a crisis, a study by the U.S. Naval War College shows.



*South Korean President Roh Moo-hyun: It's time for him to jump out of the pot of boiling water into which Dick Cheney's neo-cons have plunged him.*

## What President Roh Must Do

It's time to jump out of the pot, and kick it over. First, to ensure Korean living standards and create a basis in the real world for public support, President Roh needs an economic policy campaign for a "global New Deal." Mere domestic programs won't work, as long as Korea depends on the United States for exports. Korea requires a giant new market, and that means a top-down campaign for the Iron Silk Road and Eurasian Land-Bridge "from Tokyo to Pusan to Paris."

Forget the IMF's plan to make Seoul a "financial hub," which turns Korea over to the same global speculators who used Enron to ruin California. Instead, note that the huge area from Pusan to Paris requires physical reconstruction, to create a million new jobs in Korean heavy industry.

Roh can point out that the troop demand is an unacceptable destabilization, promoted by a few ideologues (like Cheney and Rumsfeld). The President was elected by a youth movement, which will be driven into the streets by this demand. South Korea loves America, but that's no reason it must commit harakiri for Cheney.

One can call for a U.S. Congressional investigation into the whole pattern of intelligence fraud and black operations, from fraud about the uranium Iraq never bought, to the hyped charges about North Korea's uranium program. Are the same extremists now running operations to destabilize American's ally South Korea?

It was Cheney who brought about today's crisis by writing the instructions used by State Department official James Kelly in October 2002, to confront Pyongyang on its alleged illegal nuclear bomb, a diplomat told *EIR*.

In the Summer 2003 U.S. *Naval War College Review*, top Asia hand Dr. Jonathan Pollack charged the Bush Administration with re-writing "decades-old" CIA estimates on North Korea's plutonium program; exaggerating claims about North Korea's uranium program; and generally "ex-

plotting intelligence for political purposes,” to deliberately create a crisis with Pyongyang, when there was no real crisis.<sup>1</sup>

Dr. Pollack, asking why anyone would do this, finally answered: to disrupt North Korea’s moves to normalize ties with neighbors such as South Korea and Japan. Expanding to cooperate with China and Russia, this could create something the neo-cons found upsetting. “The D.P.R.K. had opened the door to a new relationship with America’s most important Asian ally (Japan) and, prospectively, a major aid donor to the North. There was a real possibility that U.S. options on the peninsula would be driven increasingly by policy agendas of others,” Pollack wrote. (See *EIR* Aug. 8 for details.)

## Blackmail From Washington

In recent weeks, Cheney and Rumsfeld, through personal phone calls to Roh, press statements, and speeches by their allies such as Undersecretary of State John Bolton, have harshly stepped up demands for 5-10,000 South Korean troops to be deployed to Iraq. They demand an entire division of hardened Korean Marines, not light infantry, and a South Korean major general to prominently command them in a larger multinational force. Leaders around the world, even Japan’s compliant Prime Minister Junichiro Koizumi, have turned down this request for political suicide.

How could any Korean leader refuse a demand for troops from the Sole Superpower, when Washington has repeatedly refused to forgo the “military option” with regard to North Korea? Clearly the implication is: “You send troops, or we promise nothing, with regard to war on your tiny peninsula.”

How can Roh refuse their demand, when Cheney and Rumsfeld have repeatedly threatened to pull the 37,000 U.S. troops out of South Korea suddenly—which everyone sees as removing Americans from harm’s way, in event of a U.S. strike against the North?

How can Roh dare to anger Washington, when the U.S. has so botched relations with Pyongyang, that fighting could break out any moment, just miles from Seoul?

Worse: Cheney and Rumsfeld must certainly be aware, that their demand, once met, will cause the R.O.K. itself to blow sky high. Do they not know that President Roh was elected by the “younger 30%,” and has little support among the “older 30%,” who are terrified of North Korea? Do they not know that the other 40% of Koreans in the middle will not be happy about their sons dying in the deserts of Iraq? Have they no idea, that they are stripping Roh of his core political base, then turning a majority of Koreans against him?

The neo-cons’ Trotskyite theories of “creative destruc-

tion” have led them to foment “regime change” all around the world. Has South Korea become their target *du jour*?

Why would they want to make South Korea ungovernable? First, it would seriously isolate North Korea, which they believe would further their plans for “regime change” in Pyongyang. Second, sending South Korea up in flames just now, creates an “Asian Arc of Crisis.”

## New Six-Power Initiatives

The neo-con objective can’t be to get “rid of Mr. Roh”; there is no one to replace him, and they know it. More likely, their objective is to paralyze South Korea, Japan, and China, to prevent any coalition of Eurasian nations.

President Roh needs to overturn this chessboard, too, with new initiatives for the Six-Power talks on North Korea with Japan, the United States, China, and Russia. The talks have stalled on Washington’s refusal to rule out a military attack on the D.P.R.K.

First, if Seoul brings the “Global New Deal” of the Eurasian Land-Bridge right into the talks as a main agenda item, China, Russia, and Japan will jump at the chance. This project for modern high-speed rail, power, water, and a “total approach” to general industrialization projects, has North Korea on the route, so negotiators should propose to use it to bring the D.P.R.K. into the community of nations, and thus create a peaceful solution.

If allowed to proceed, the Eurasian Land-Bridge would create an economic boom and vastly improved relations among all the powers which lie from Tokyo to Pusan to Paris.

Second, end the Korean War. The State Department U.S. Institute for Peace (USIP), Russia, and South Korean Foreign Minister Yoon Young-kwan, have all proposed to finally sign a treaty to end the 1950-53 conflict. Failure to do so is the real cause of all the problems in the region, USIP wrote in a ground-breaking May 2003 report (see [www.USIP.org](http://www.USIP.org)).

On Oct. 11, Secretary of State Colin Powell made a very good offer, for a multilateral security guarantee for North Korea, jointly with the other six powers. Perhaps someone in Washington woke up, when even Japan, where North Korea is widely denounced, decided to join Russia, China, and South Korea, in urging such a U.S. guarantee. “After all, Pyongyang has said all along, that it would end its nuclear program, only if the United States ended its policy of hostility toward North Korea,” a Tokyo Foreign Ministry official told the conservative *Yomiuri News* on Sept. 29. “The Bush Administration would be better advised to draw up a document listing conditions for a non-aggression agreement, with proposed assistance measures,” than to continue hostility, he said.

It’s a shock for polite Japan to correctly imply, that the United States is the “deal breaker,” threatening everyone else with war. But, perhaps too, Powell is attempting to contain yet a new dangerous crisis from the neo-cons: “regime change” in South Korea.

1. Jonathan Pollack, “The United States, North Korea, and the End of the Agreed Framework,” *Naval War College Review*, Summer 2003, [www.nwc.navy.mil/press/Review/2003/Summer/art1-su3.htm](http://www.nwc.navy.mil/press/Review/2003/Summer/art1-su3.htm).

## LaRouche Campaign vs. Cheney Rocks Washington, D.C.

by Michele and Jeffrey Steinberg

Radio listeners in Washington can hardly avoid hearing the drive-time ads of Democratic Presidential candidate Lyndon LaRouche, calling for the immediate ouster of Vice President Dick Cheney. In one of the ads now airing, LaRouche says: “We’d better make sure, that what Cheney represents inside the United States is out of power! We must understand, that we can not submit to the Synarchist International. . . . We must understand, that we must show at least as much courage as Roosevelt and Churchill did, in stopping what would have otherwise become a world takeover by Adolf Hitler and his type.”

These ads are part of a multi-level campaign by LaRouche—still the second-leading Democratic Presidential candidate in numbers of contributors nationwide—and it is rocking Washington, a highly-placed “inside the Beltway” political contact told *EIR*. According to *EIR*’s source, Cheney’s office is becoming *very* nervous, as more political forces seem to be saying that it is Cheney—not Bush, and not even Rumsfeld—who is behind the Iraq debacle, behind the massive economic troubles and deficit of the United States, and behind Enron-style corruption that is bleeding American taxpayers of another \$87 billion for Iraq. LaRouche has called the \$87 billion request for Iraq nothing more than a “relief fund” for Halliburton—Cheney’s piggy bank—under the guise of an Iraq “reconstruction” that is never going to happen, unless the “ignoble liars” in Cheney’s neo-con cabal are out of government.

The paranoia among “beast-man” Cheney’s circle was in full view on Oct. 14, when Ann Coulter, the “female Rush Limbaugh,” blew her stack about LaRouche during her appearance on a CNN news show discussing Cheney’s role in the Iraq war lies. The first words from Coulter—the author of a book called *Treason*—were about LaRouche. Asked, “Is it fair to say . . . that it’s the Vice President, in fact, who is . . .

in control of the Administration’s foreign policy?” Coulter erupted, “That’s the Lyndon LaRouche theory which has been picked up by Maureen Dowd at *The New York Times*. . . . I don’t really understand the theory under which the smart guys, like Dick Cheney, get together and decide, let’s run this idiot for President. Wouldn’t you think Dick Cheney would like to be President? . . . The Presidents are the Presidents, the Lyndon LaRouche theory notwithstanding, that Cheney is the one who needs to be impeached.” Coulter’s hysteria did not diminish when it was pointed out that Cheney had stressed that Saddam Hussein has nuclear weapons and nuclear and biochemical weapons—and that none have ever been found. She even claimed that Saddam Hussein had not let UN inspectors into the country in 2002!

### The Post-Cheney Era

LaRouche, one of only two Democratic Party Presidential candidates certified by the Federal Election Commission (FEC) to receive Federal matching funds, has escalated his year-long campaign Cheney’s ouster. The mobilization is nationwide, and includes a new mass campaign leaflet on “beast-man” Arnold Schwarzenegger, which documents how the LaRouche youth forces handed Arnie an historic defeat in Los Angeles County on Oct. 7: “What was done successfully by my LaRouche Youth Movement in California, must now be done on a national scale against Beast-Man Cheney. If the Germans had done what LaRouche did in California, they could have stopped Hitler. You still have a chance to ensure that what Arnie represents, does not consolidate control over the United States.”

The mobilization, which includes an Oct. 22 international webcast on the “post-Cheney era in American politics,” comes at a point that the “knives are out” for the lies and the liars who created the Iraq war.

But backed against the wall, Cheney is telling more lies, as on Sept. 14 when he told “Meet the Press” that he has “no financial ties” to Halliburton. Indicative was his geek-act performance on Oct. 10 at the Heritage Foundation, Washington’s Mont Pelerin Society front-organization. There, Cheney threw down the gauntlet to anyone who dares to question: the preventive-war doctrine; the decision to unilaterally invade Iraq; or the Administration’s de facto decision to write off the United Nations as a menace to the war on terrorism. He repeated the neo-con mantra that the entire international political order collapsed with the Sept. 11, 2001 attacks, and that now the United States has an obligation and a right to act alone, pre-emptively, and with no concern for international law or the interests of our allies.

The next day, even the *Washington Post* reported that Cheney’s performance was over the edge. Earlier in the week, both National Security Advisor Condoleezza Rice and President Bush had gone out on the stump to defend the Iraq fiasco. But neither had defended the White House’s pre-war claims of Saddam Hussein’s ties to the 9/11 terrorists, or arsenal of ready-to-launch weapons of mass destruction—as Cheney had done at Heritage.

The backlash to Cheney’s rant immediately spread, with Sen. Richard Lugar (R-Ind.), the respected chairman of the Senate Foreign Relations Committee, appearing on “Meet The Press” the next day, with the Committee’s ranking Democrat, Sen. Joseph Biden (Del.). Both blasted Cheney and demanded that Bush finally take charge of his deeply divided Administration. Asked by host Tim Russert what he would do with one minute alone with the President, Biden replied, “I’d say, Mr. President, take charge. Take charge. Settle this dispute. Let your Secretary of Defense, State, and your Vice President know, ‘This is my policy—any one of you that diverts from the policy is off the team.’” Lugar agreed: “I concur with my colleague. . . . The President has to be the President. That means . . . over the Vice President, and over the Secretaries.”

The same day, Oct. 12, the *Washington Post*, in a front-page story, reported that, on a number of occasions, Vice President Cheney had countermanded specific orders from President Bush. In one case, Cheney had approved Pentagon assistance to Ahmed Chalabi, the head of the widely discredited Iraqi National Congress, bringing him onto Iraqi territory at the outset of the U.S. invasion in late March 2003—despite the fact that President Bush had issued an order, through National Security Advisor Rice, that Chalabi was to get no special treatment.

### **A New ‘Yellow Cake’ Scandal**

Pentagon sources have confirmed that Cheney and his National Security Advisor and Chief of Staff Lewis “Scooter” Libby virtually ran the Pentagon Office of Special Plans (OSP), the secret intelligence and covert operations unit under Douglas Feith, William Luti, and Abram Shulsky, that faked the intelligence on Iraq’s terror links and WMD caches to

justify invasion. Indeed, Luti, the OSP head, was dispatched out of the Vice President’s office to steer the covert Pentagon unit.

It has become one of the worst-kept secrets around Washington that it was Cheney’s office that was behind the criminal leak of the CIA pedigree of Ambassador Joe Wilson’s wife, Valerie Plame. Not only was the leak, to syndicated columnist Robert Novak and a half-dozen other Beltway reporters, a serious crime. It represented a serious breach of national security, exposing a CIA “non-official cover” officer, her network, and a CIA front company. Other sources have reported that the Vice President launched an operation against Ambassador Wilson in March 2003, within days of the UN Security Council testimony by Dr. Mohamed ElBaradei, head of the International Atomic Energy Agency (IAEA), revealing that documents purporting to prove Iraq was seeking uranium from Niger, were shoddy forgeries. Ambassador Wilson had traveled to Niger in February 2002, to probe other allegations about the Iraq-Niger illegal uranium sales, and had reported back to the Vice President, via the CIA, that the story was false.

The more Cheney flails with beast-man threats against anyone who raises questions about his Iraq war, the more vulnerable he becomes. On Oct. 15, Cheney was confronted with new scandal when it was revealed on CBS-TV’s “60 Minutes II” that his favorite claim of “proof” of Iraq’s nuclear weapons—Saddam Hussein’s acquisition of “aluminum tubes”—had been debunked more than a year earlier by experts at the State Department and the Oak Ridge nuclear laboratory in Tennessee. The revelation was made by Greg Thielmann, a 25-year veteran at State, “whose last job was director of the Office of Strategic Proliferation and Military Affairs, which was responsible for analyzing the Iraqi weapons threat for Secretary Powell.” CBS reported that Thielman “and his staff had the highest security clearances, and everything, whether it came into the CIA or the Defense Department, came through his office.” A shipment of “aluminum tubes” bound for Iraq was seized in 2001, Thielmann told CBS correspondent Scott Pelley, and months later he told Powell’s office “that they were confident the tubes were *not* for a nuclear program. Then, about a year later, when the Administration was building a case for war, the tubes were resurrected on the front page of the *New York Times*.” Cheney cited the aluminum tubes as cause for war in August 2002, in his war dance at the Veterans of Foreign Wars convention, in September 2002, and on March 16, 2003, on the eve of the Iraq attack.

Thielman told “60 Minutes II” that “the public was deceived.” The “aluminum tubes” could be another Niger yellowcake scandal.

The real world, led by Lyndon LaRouche, is demanding that President Bush take the only step that will avert an even greater disaster for the United States: Dump Vice President Cheney, and clean out the entire neo-con cabal that hijacked his Presidency on 9/11.

# Arnie's First Acts Show Cheney/Shultz Ownership

by EIR Staff

California's newly-elected Hitler, Arnold Schwarzenegger, has made it immediately clear that his Recall election was a project of Vice President Dick Cheney's, Warren Buffett's, and Bush Administration power broker George Shultz's electricity-merchant conglomerates—who bankrupted the state with deregulation in 2000-2002, then blamed the bankruptcy on Gov. Gray Davis to force Schwarzenegger's seizure of power. Schwarzenegger told an Oct. 11 press conference that he would introduce legislation to complete the deregulation of electricity—transmission as well as generation—as one of his most urgent priorities. Lyndon LaRouche's California campaign had exposed that this step was planned at a May 2001 meeting Schwarzenegger had with Enron's disgraced chief thief, Kenneth Lay, and other electricity speculators—a meeting the “Beast-Man” denied and then “couldn't recall” during the campaign. But on election, Schwarzenegger immediately posted a “Ken Lay's dream” energy plan on his website, promising to stop public financing of needed new power plants, and eliminate any public oversight over future California energy supply contracts. In the same few days, Schwarzenegger ordered both the California trade unions, and the state legislature to accept drastic cuts in spending and living standards; and he has appeared to trigger a strike wave which has spread quickly among both public and private employee unions in southern California since his election.

While Presidential candidate LaRouche, now in Europe, has continued to organize an international alert against the fascist threat of “another imported Austrian head of state,” the Cheney-led neo-conservatives in the United States are already pushing the new-Hitler Schwarzenegger for President. Press Lord Conrad Black's right-wing Hudson Institute, and Rupert Murdoch's *Weekly Standard* have started invoking the 1912 “Bull Moose” candidacy of Theodore Roosevelt, for Schwarzenegger; the *Weekly Standard*'s Oct. 14 issue raised the demand, “Remove the constitutional requirement that an American President must be native-born.” Republican Sen. Orrin Hatch of Utah at the same time floated a proposed constitutional amendment to do so; the *Washington Post* backed the outrageous move.

## The LaRouche Youth Factor in California

But LaRouche had vowed on Oct. 9 to make the imposition of Schwarzenegger on California a “Pyrrhic victory” for Cheney and Shultz; it is swinging Democratic activists and leaders to LaRouche for his effective mobilization in Califor-

nia, and helping his drive to get Cheney ousted from the Bush Administration. The “on the ground” story of the Recall, is the message to Democrats in California and nationally that an extraordinary mobilization by the LaRouche Youth Movement (LYM) in the Los Angeles area, turned a foregone-conclusion 60-40% vote to recall Governor Davis in Los Angeles County, into a final 51-49% defeat of the Recall (see story, page 70). A similar LYM mobilization in San Francisco and Oakland made an already anti-Recall public sentiment into an 80-20% landslide there. The dramatic activation of both college students and trade unions in the Los Angeles area by the LYM was key in this victory. The state's press and the national media largely ignored what the LYM was doing with hundreds of thousands of LaRouche's *Who Robbed California?* pamphlets and “Beast-Man” leaflets, but they did it anyway, making these victories a clear proof of the power of ideas in a crisis, against the media-manipulated rage of a population buffeted by economic collapse.

Los Angeles County Democratic Party Chairman Eric Bauman told an Oct. 13 meeting of the Party organization that his report “might shock you, but the people who did the best work for us were with the LaRouche Youth Movement.” He referenced some details of the way the LYM mobilized, and concluded—to general applause from the Democrats present—that given the Party's limitations there, “the LaRouche movement was crucial for the battle in L.A. County.”

The waves of that “shock” to the Party at the success of LaRouche's personal mobilization in California against the Recall, are spreading beyond the state. The candidate said on Oct. 15—when new Federal Election Commission filings showed him still second among all Democratic candidates in number of contributors—that President Bush's personal trip out to embrace the new Hitler of California might help make LaRouche the next President.

Figures of the Democratic Party's national leadership including former President Bill Clinton, and LaRouche's rivals for the Presidential nomination, made cameo appearances at Governor Davis' side, but never engaged in the Recall battle. And through Democratic National Committee Chairman Terry McAuliffe, Al Gore and others, they conveyed pressure on Davis *not* to attack the Cheney cabal and *not* to discuss the national economy collapse. In effect, the Democratic leadership other than LaRouche helped Cheney, Shultz, and Buffett unleash a new “Hitler project” on California, and the nation.

It was LaRouche who first identified the Recall, and the Schwarzenegger candidacy it spawned, as a “dirty coup” run by Halliburton's Cheney, in collaboration with his piratical brothers-in-greed-and-looting, such as Bechtel's Shultz, and multi-billionaire energy and stock speculator Buffett, to re-open California to further theft by the energy cartels, of which Buffett controls important parts. Cartels like Enron, backed by Cheney through the White House Energy Task Force, stole more than \$70 billion through illegally jacked-up prices of energy-supply contracts made possible by deregulation of electricity. This triggered a process of devolution to state



*President Bush journeyed to Riverside, California Oct. 16 to associate himself with the Republican Party's charismatic new Hitler, Governor-elect Arnold Schwarzenegger. Republican neo-conservatives of Dick Cheney's and George Shultz's faction have created this national fascist project for the party in 2004; but it may actually hasten Cheney's urgent ouster from power.*

bankruptcy, a \$38.2 billion hole in the budget which was then blamed on incumbent Governor Davis.

And LaRouche had insisted that if the Schwarzenegger “beast-man” project of these cartels succeeded, they would use Schwarzenegger to loot the state’s economy of many billions more—as confirmed in spades by Arnold’s immediate announcement for total energy deregulation—even as the Cheney Republicans nationally used their new “beast-man” to shape a national fascist thrust for the 2004 election.

### **Open Door for Looters**

In addition to his push for deregulation, Schwarzenegger made it clear that he will proceed with Wall Street’s plan to loot every last penny which can be found in California. His transition team—minus a couple of token Democrats like Oakland mayor Willie Brown, who acknowledge they will have little say in his Administration—consists of a “Who’s Who” of academic free-trade fanatics, and Chamber of Commerce Babbitts, who are enthusing about how Arnold will “restore a pro-business climate” in the state, by “cutting the fat out of the budget,” and breaking the back of the labor movement.

The transition team is headed by George Shultz of Bechtel, the Hoover Institution, and the University of Chicago. Shultz, along with Cheney, was responsible, during the 2000 election year, for recruiting into the Bush transition team and the current Bush Administration, the “Vulcans,” that gang of Straussian liars who gave us the Iraq debacle and the ongoing economic destruction of the American job market and labor force. Schwarzenegger campaign chairman,

now transition team organizer Rep. David Dreier (R-Calif.) is principally a representative of the leading West Coast institution tied to fascist philosopher Leo Strauss, the Claremont College/Claremont Institute complex. Dreier was a principal sponsor of NAFTA and wants similar “total free trade” deals to cover the entire globe. Transition team member Eloise Anderson is also from the Claremont Institute. Others on the team are associated with the ultra-free trade, ultra-right wing Mont Pelerin Society; or, like Hollywood mogul Ivan Reitman who produced Schwarzenegger films, they represent the casino/entertainment interests of Las Vegas and Los Angeles which poured millions into Schwarzenegger’s Recall campaign through the Warren Buffett-owned National City Bank. Kathleen Shanahan, who worked for Cheney, is considered the front-runner to be Schwarzenegger’s chief of staff.

Another key player emerging is “budget specialist” Donna Arduin, on loan by Florida Gov. Jeb Bush, to find the “fat” in the budget. Arduin is properly credited with wrecking Florida’s education system. Morgan Stanley investment banker Arduin has been in the state budget-slashing business for Michigan Gov. John Engler, New York’s George Pataki, and Florida’s Jeb Bush. Under Jeb Bush, Arduin pushed mindless extreme cuts in state education funding, driving class sizes up towards 40 students. Her mayhem led to a Florida constitutional amendment imposing an upper limit on public school class sizes. Schwarzenegger has hired her to do a line-by-line budget investigation in preparation for drastic cuts.

With the “beast-man” coming in, management in California has become bolder in attacking unions, which Schwarzenegger blasted as a “special interest” during his campaign. There is a strike wave hitting Los Angeles, with 70,000 grocery-store workers, and 2,500 members of the Transit Union on strike, protesting efforts to slash their health-care and pension benefits.

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# ‘Proof of Principle’: Defeating the Recall

by Cody Jones

*California LaRouche Youth Movement (LYM) leader Cody Jones briefed an internet radio webcast on Oct. 11 on the LYM’s mobilization which turned around and defeated the Recall in Los Angeles County, in particular. The entire webcast is archived at [www.larouchepub.com/radio](http://www.larouchepub.com/radio).*

We had a number of things going on. I mean, what it really was, was proof of principle: That the only way you’re going to be able to defeat fascism is to go with what Lyn [LaRouche] is saying, to go with Lyn’s ideas and and method. And that’s what we did.

And we saw that as opposed to what the Democratic Party tried to do—which is to try to “play by the rules” which had been established by these Synarchists, to try to appeal to popular opinion and emotion; you’re going to be completely helpless that way—and they were.

## Los Angeles Campuses Shifted

For example, we did a lot of rallies on campuses—50-people rallies, going through with banners, getting out a lot of literature. I think, over the period of a couple weeks, we got out several hundreds of thousands of pieces of literature, principally the *Who Robbed California?* pamphlet, which went through, very explicitly, who is the network that’s behind this Recall; that Schwarzenegger’s really just the



*The LaRouche Youth Movement’s organizing against the Recall succeeded where its forces were concentrated, turning the vote around in Los Angeles County.*

front-man, the inflated front-man for Cheney, for the energy pirates, for Enron. We exposed the whole nine yards. Hundreds of thousands of these went out during these rallies, which included a lot of singing, bull-horn chants, Negro Spirituals. We had also taken some other songs, and reworded them: Took things like the “Signor Abbate” canon [a joke canon by Beethoven] and reworded it to talk about Dick Cheney as a fascist, and Schwarzenegger as his puppet, and whatnot.

So, we did a lot of that. We got a reflection of the impact that was having when, for instance, [LaRouche West Coast coordinator] Harley [Schlanger] was in one of these strategy meetings of the Davis campaign, to stop the Recall campaign; and one of the statisticians brought up the fact that there was this unusual increase in opposition to the Recall amongst college-age people in the Los Angeles County area—which, to them, was just a totally unexplainable phenomenon. All of a sudden, young people were becoming politicized. But, this was wholly a function of what we were doing, in intervening into the student population, with the rallies, with the pamphlets.

Now, in the last two weeks, we then escalated: There were a lot of 6:00 a.m. deployments, where we would go down to the Metro stops, and get out many, many bundles at a time—10, 20, 30 bundles in an hour shot—of the *Who Robbed California?* to the people riding the Metros. Some big rallies in the downtown, in the business districts; also a lot of riding through the Hispanic districts, where we had the *Who Robbed California?* in Spanish. Because there was a lot of confusion there—where, for example, you had [Lt. Gov. Cruz] Bustamante, who was supposed to be the “fall-back option” for the Democrats; who ostensibly was saying he was against the Recall; but in case it went through, “You should vote for me, because I’m still a Democrat.” Well, it turns out: This guy, who was being endorsed by Joe Lieberman—no friend of ours—was mailing out these flyers to people’s houses which said nothing about “No on Recall,” but simply said, “Yes on Bustamante.”

Now, the only “yes/no” question on the ballot was yes or no to the Recall; and then the second question is, if the Recall goes through, who would you choose [as governor]. So, there was intentional confusion, particularly into the Hispanic population in general, to sabotage the whole anti-Recall campaign.

So, we were down on the subway stops, getting out hundreds of thousands of these, there. Then, the last week, some people were doing *all-night* deployments, meaning from sunset to sunrise, where we were riding around. Particularly, we got one van down here, where people would have sort of an assembly line in the back of the van, where they were bundling up papers and leaflets, and putting a rubber band on them and throwing them on people’s porches and on lawns and things—doing that kind of thing throughout the entire night; and just really blanketing the entire Los



Angeles County Area, with the *Who Robbed California?* pamphlet.

And in the last few days, we had the leaflet on Schwarzenegger, with the “beast-man” quotes, his admiration-for-Hitler quotes.

### From 60% For, to 51% Against Recall

And then coupling this with our usual student meetings, the table organizing, making phone-calls to labor unions, arranging drop-offs of literature to unions for them to get out to their constituents, and whatnot.

So, we waged a real fight, where, as Phil [Rubinstein] had mentioned previously: Up until a few weeks ago, it was looking like it was going to be a 60/40 vote in favor of the Recall in L.A. County. And, it ended with 51% *against* the Recall. This was largely due to what we were doing, in intervening into the situation, and proving it is Lyn’s method that is going to be successful.

Whereas the Democratic Party—I mean, if you just look at the past four-year sweep, from the 2000 election: Lyn said, “If you go with Gore, you’re going to get Bush.” They didn’t listen; Lyn was right. He said, “You’ve got to wage a fight against Ashcroft. Here’s how you do it.” They didn’t listen. They half-assed it. Ashcroft is in there, to play the perfect fascist role under a crisis. [LaRouche] said, in the Iraq War:

Everything that these guys are saying about weapons of mass destruction, the need for pre-emptive strike, whatever—it’s all bullcrap, you’ve got to wage a fight; you’ve got to stop this thing. They didn’t listen. They got the war. We now see Lyn was right.

Then, in California: He said, “Look, if you want to stop this thing, expose the fact that it was Enron; it was the friends of Cheney; it’s the *backers* of Arnold Schwarzenegger, the backers of the Recall, that ripped off California for \$70-plus billion during the energy crisis; that created the economic collapse in California.” Schwarzenegger, in 2001, during the peak of the energy crisis, was meeting with Ken Lay at some posh Beverly Hills Hotel—“Expose that! Get out there!”

We told [Gov. Gray] Davis, “Tell them you made a mistake. You didn’t create the crisis; you made a mistake in how you responded, but now you’re willing to change it. You’re going to go with LaRouche’s plan for infrastructure.” They didn’t listen. They tried to play by the rules. Davis was advised by Gore’s adviser, not to touch the economy, “Don’t touch those kinds of sensitive subjects.” And they got crushed.

And so, though we may have lost that particular battle, in terms of not defeating the Recall, we proved to a lot of people who are on the streets: We’re the ones who know how to win, and we’re the ones who are going to wage a successful fight.

## LaRouche: Dems Could Have Won California

*Lyndon LaRouche, now the ninth candidate for the Democratic Party Presidential nomination in 2004, and one of only two candidates certified by the Federal Election Commission as qualified for Federal matching funds, issued the following statement on Oct. 12, through his campaign committee, LaRouche in 2004.*

“Had any second leading Democratic Presidential candidate, or former President Bill Clinton, associated himself with me in my fight to bring about the defeat of recall in California, the Democratic Party would have carried the state. In effect, when faced with a brutally nasty adversary—George Shultz’s muscle-bound Hitler, Arnie “the Beast-man” Schwarzenegger—the Democratic National Committee Chairman reacted like a scared rabbit, and, figuratively, froze and died a political death, on that spot.”

LaRouche noted as “proof of the pudding,” so to speak, that in areas of California where the LaRouche Youth Movement deployed heavily, there were positive results,

showing that his approach worked. This was particularly obvious in the results in Los Angeles County, the only major county in southern California where the recall was defeated, and the area in which the deployment of the LaRouche Youth Movement was the most intense.

“In the first serious test of 2004, the California Recall fight, the present pack of my remaining rivals on the list, including retired General Clark, have exposed themselves as losers. That is the issue on the plate of the Democratic National Committee today, and every state Democratic Committee today: Cooperate with me in the race now, or lose everything next year. We can save the party, but not with candidates who behave as my would-be rivals have performed so far.

“The crucial test has been conducted in California, and all my rivals failed: They either did not show up, or performed like bozos, staging moral, intellectual prat-falls at the starting line. Every Democratic Party figure worth taking seriously will now mobilize around me to win in 2004. It is time to line up for 2004.”

LaRouche will be elaborating on the California test case, and its significance in terms of the deployment of fascist “Beast-men” like Arnold Schwarzenegger and Dick Cheney, in his next international Webcast, scheduled for 1:00 p.m. EDT on Oct. 22.

### *Senator Kennedy Signals a Shift*

The hard-hitting, thorough indictment of the Bush Administration's conduct of the war in Iraq, given by Sen. Edward Kennedy (D-Mass.) in the Senate on Oct. 16, represents a shift toward the political demise of Dick Cheney and his neo-cons, if not of President Bush himself. This speech will be a point of reference for the developments of the next weeks, which are likely to come to a head in November.

Looked at in historical perspective, Kennedy's speech could be compared to the decisive intervention by Edward R. Murrow in 1953, which started the landslide against the witch-hunter Sen. Joe McCarthy. A parallel process, Watergate-style, is also under way, around the questions of the criminal leaks of the name of undercover CIA operative Valerie Plame. While it is not knowable which will be successful, it is clear that LaRouche and his publication have played a major role in catalyzing the growing fight.

Senator Kennedy began his speech by characterizing the invasion of Iraq as "an unnecessary war, based on unreliable and inaccurate intelligence," and described it as "mindless, needless, senseless, and reckless." "Before the war, week after week after week, we were told lie after lie after lie," Kennedy charged.

He then turned to attacking the idea that the United States should become a colonial power. He said:

"Surely, in this day and age, at the beginning of the 21st Century, we do not have to re-learn the lesson that every colonial power in history has learned. We do not want to be, we cannot afford to be, either in terms of character or in terms of cost, an occupier of other lands. We must not become the next failed empire in the world.

"The Administration seeks to write a new history that defies the lessons of history. The most basic of those lessons is that we cannot rely primarily on military means as a solution to politically inspired violence. In those circumstances, the tide of history rises squarely against military occupation. The British learned that lesson in Northern Ireland. The French learned it in Algeria. The Russians learned it in Afghanistan and are re-learning it every day in Chechnya.

America learned it in Vietnam, and we must not re-learn it in Iraq. . . ."

But the virtual knock-out punch came when Senator Kennedy quoted President Bush's father, President George H.W. Bush, and his National Security Advisor Brent Scowcroft, from their joint memoir on the 1991 Gulf War. This quotation reflects the fact that, behind the scenes, leading representatives of the elder Bush's Administration are working with traditionalists like Senator Kennedy in trying to stem the disastrous course which the Cheney-controlled Administration is taking. The Senator said:

"In their joint memoir, *A World Transformed*, President George H.W. Bush and his National Security Advisor, Brent Scowcroft, reflected on their own experiences with Iraq and the Gulf War in 1991. They had been criticized in some quarters for halting that war after their dramatic victory in Kuwait, instead of going on to Baghdad to depose Saddam Hussein.

"Here is what they wrote: 'Trying to eliminate Saddam, extending the ground war into an occupation of Iraq, would have violated our guideline about not changing objectives in midstream, engaging in 'mission creep,' and would have incurred incalculable human and political costs. Apprehending him was probably impossible. . . . We would have been forced to occupy Baghdad and, in effect, rule Iraq. The coalition would instantly have collapsed, the Arabs deserting it in anger and other allies pulling out as well. Under those circumstances, there was no viable 'exit strategy' we could see. . . . Had we gone the invasion route, the United States could conceivably still be an occupying power in a bitterly hostile land. It would have been a dramatically different—and perhaps barren—outcome.' "

A reiteration of that evaluation cannot fail to strike any thinking person, as it did Senator Kennedy, as describing precisely the situation into which the Cheney policy has led the United States. It now remains to remove the chief enforcer of that policy, the Vice President, before he and his cohorts expand it to accomplish broader destruction. In this aim, Senator Kennedy is playing a crucial role.

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