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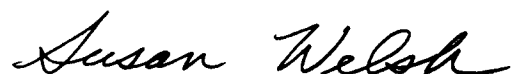
From the Associate Editor

With the release of Independent Inquisitor Kenneth Starr's report to Congress, and the detonation of a new derivatives disaster in Japan, the world strategic crisis has entered a new phase. Set aside all the pornographic details and melodrama with which you are being bombarded by the media, and focus on reality: It is the world financial catastrophe which lies behind the escalating assault on the U.S. Presidency.

As *EIR* has emphasized since Day One of the campaign against Bill Clinton, the British-led financial oligarchy — the self-proclaimed Gods of Olympus — are out to destroy the Presidency of the United States, by whatever means are at their disposal. They seek to do this, rather than to relinquish their global political power. The more the financial crisis of their own making intensifies, the more determined they are *not* to allow any change in policy axioms, any change in how the world is run, and by whom.

This has led us to a global crisis of enormous tragic dimensions, as Lyndon H. LaRouche, Jr. writes eloquently in his *Feature* in this issue. The average citizen and the world's policymakers alike are being hit with a succession of political and economic shocks, growing to a crescendo since the Russia crisis erupted on Aug. 17. But it is not yet too late for a solution to be implemented. "My task here," LaRouche writes, "is to help leaders, both inside and outside our government, and among what might be named the 'organic leaders' within the pores of local and regional constituency associations, to make sense of the maelstrom of change now whirling inside their own heads. My task here, is to provide the basis in understanding, for that quality of peace of mind, which today's political leaders must summon to guide their judgment, in facing the otherwise nerve-racking succession of crises still before them."

In the aftermath of the Labor Day conference of the Schiller Institute and International Caucus of Labor Committees, the LaRouche movement has sparked a variety of new initiatives, to let loose what Helga Zepp-LaRouche described as "an explosion of political organizing." You will find reports in this issue on the resolutions "For a Union of Sovereign Nation-States" and "Americans to Save the Presidency," for example. These should be circulated and endorsed by concerned citizens worldwide.



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"The relevant, crucial point of competent qualities of strategic thinking, is, that, while the physical survival of cultures depends upon society's physical interaction with the universe around it, the question, whether a society will choose a successful form of radically new interaction, or not, is not an objective, but a subjective question. That is the issue which must become the center of attention for any crisis-ridden culture, faced with a breakdown in its previously established mode of survival."

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LaRouche tells Japan: Impose capital controls, now

by Marcia Merry Baker

As of mid-September, new waves of insolvencies and payment defaults are crashing over whole countries, not just “the markets.” The breakdown effects in the global physical economy are seen dramatically everywhere, from the food supply crisis in Russia (p. 38), to the new statistics showing the drastic contraction in volume of goods traded so far this year by Japan, Germany, and other world production centers. Time is running out to intervene.

At the epicenter of the world financial quakes is Japan—the second largest economy in the world—with its particular crisis element of derivatives, a detonator of world financial meltdown. As LaRouche stresses in his Sept. 1 strategic paper in this week’s *Feature*: “Relative to Russia, it is the position of Japan, in relation to East and Southeast Asia, but, more significantly, the ‘derivatives’ bubble at the core of the ongoing collapse of the planetary financial and monetary system, which continues to be the major element of financial, monetary, and economic destabilization planet-wide.”

The infamous bad debt volume in the Japanese banking sector, estimated at more than \$1.4 trillions, is, in turn, interlinked with major bank exposure to derivatives. This all adds up to a potential blow-out of the world financial system, on the nuclear explosion scale. The epic challenge for Japan, is to undertake a massive, orderly write-off of unpayable debts, while deep-sixing masses of derivatives obligations, in order to preserve and expand credit connected to essential economic functioning. The guiding principle is that behind the U.S. Chapter 11 bankruptcy codes: Save the economic operations, and freeze or cancel out the unpayable debt.

An initiative in this direction was taken by Malaysia on Sept. 1, in terms of imposing controls over foreign exchange and capital flows, to penalize speculation, and otherwise act to preserve currency values and exchange rates for purposes

of furthering national economic interests, not speculative ones.

Though the circumstances of Malaysia differ from Japan—which is a world linchpin economy, and also a financial bubble center—nevertheless, the principle remains that *re-regulation* of the financial sector is in the national interest, and indeed, international interest (see *EIR*, Sept. 11, “Re-Regulate, Reindustrialize: It’s the American Way!”).

LaRouche’s urgent advisory to Japan

During the first week in September, Lyndon LaRouche issued an urgent advisory to the Japanese government to follow the example of Malaysia and impose strict foreign exchange and capital controls, internally as well as externally, to protect its economy from a chaotic implosion of the global derivatives bubble. The kind of measures he called for include a freeze on all speculative obligations within the Japanese financial system, followed up by government-directed bankruptcy procedures.

Each day since this advisory, dramatic events underscore the necessity of taking such action. The mental state of Japan’s government officialdom, however, remains set on trying, “anything else, but.” Especially fearful is the question of *cross-defaults* that might cascade as a result of individual defaults. Typically, what governs the betting practices of most over-the-counter (OTC) derivatives, is a master agreement formalized by the International Swaps and Derivatives Association, which has a cross-default clause, stipulating that default of any single derivatives transaction with any counterparty, would automatically enable all other derivatives transactions will all counterparties involved to be deemed in default.

If this is triggered, take cover.

However, such a contingency only points up the rightness of LaRouche's advice for government action to impose controls quickly and decisively. The more governments take concerted action, in the footsteps of Malaysia, the closer we are to forcing the international collaboration for a New Bretton Woods effort to set up a new, nation-serving financial system, and turning away from international chaos. In recent weeks, Hong Kong (which is a Special Autonomous Republic of China) has drawn the line against speculators. Taiwan has outlawed the operations of George Soros hedge funds in their markets.

In the meantime, the derivatives fuse is burning down to the point of world explosion, as events in Japan and Russia show. Adding to the process, there are reflex-moves toward hyperinflation in Japan, the United States, and elsewhere.

Tremors at Fuji Bank

On Sept. 10, representatives of Fuji Bank, one of Japan's top institutions, held a press conference on the size of their derivatives losses. Only a few hours later, a surprise came from the Bank of Japan, which announced a liquidity push, in the form of a reduction in the interest rate on interbank overnight loans, from 0.5%, down to 0.25%.

Lowering interest rates (i.e., pumping liquidity into the imploding world monetary system) was the hint from Federal Reserve Chairman Alan Greenspan in his Sept. 4 speech in San Francisco, where he attended meetings between Treasury Secretary Robert Rubin and Japanese Finance Minister Ki-ichi Miyazawa.

In particular, it is the derivatives exposure of Fuji Bank that is considered the occasion for the Bank of Japan's lowering of interest rates. Early on Sept. 10, with the opening of the Tokyo stock exchange, rumors were flying that Fuji Bank had suffered losses on derivatives contracts in the range of 2-3 trillion yen, or about \$20 billion. This far outstripped the ephemeral good news from Wall Street's 380-point "rally" of the day before. The Nikkei stock average index dropped 158 points on Sept. 10, and then continued to fall, ending that week below the 14,000 level.

One source of the Fuji Bank rumors was the report in the Sept. 10 daily *Kochi Shimbun*, that the top 19 banks in Japan had potential derivatives losses of 24 trillion yen (\$180 billion). Fuji Bank, at a hastily called a news conference, described the rumors as "totally groundless."

Yutuka Komatsu, the derivatives products general manager at Fuji Bank, claimed that the maximum possible loss from the bank's derivatives trading would amount to a paltry 15 billion yen (\$110 million), because, "our derivatives trading is controlled to have very small market risk."

He defended Fuji Bank's derivatives contracts, as mostly less risky interest-rate swaps, and said that the bank had taken appropriate measures for risk hedging. However, Fuji Bank announced at the press conference that the notional volume of its outstanding group-based derivatives contracts at the end of March 1998, amounted to 418 trillion yen—about \$3

trillion! The majority of the contracts were owned by Fuji Capital Markets Corp., a swap house based in New York and fully owned by Fuji Bank.

Fuji Bank stocks went down 15%.

The notional value of the volume of derivatives contracts outstanding worldwide is in the range of \$140 trillion. Despite periodic public debate about the threat of a derivatives blow-out, including from the Bank for International Settlements, over the last four years, no substantial action has been taken. Derivatives exposure of the banking system internationally has grown like the cancer that it is.

Western exposure to Russian default

In late August, there were warnings that the Russian government's freeze on certain currency transactions was a threat to settlement of as much as \$100 billion in OTC ruble "forward contracts." A Russian failure to meet these obligations threatened to trigger a chain reaction among the Western derivatives "counter-parties," the warning went. Certain major Western banks, including Deutsche Bank (Germany) and Republic Bank (U.S.A.), have reported (probably conservatively) hundreds of millions of dollars in losses in connection with their Russian exposure.

The Swiss-based Bank for International Settlements puts the Western bank exposure at around \$72 billion in potential Russian losses from loans in abeyance. According to the London *Financial Times*'s Sept. 11 survey of the September plunge in share values of Western banks, the largest exposure so far reported is Crédit Suisse First Boston, with \$2.2 billion. Deutsche Bank has around \$750 million of loans not covered by Russian state guarantees; Germany's Dresdner Bank, around \$700 million. Bank Austria, the nation's largest, announced earlier this month a huge—relative to Bank Austria's size—need to make provision for \$197-380 million in relation to derivatives contracts used to hedge its holdings of Russian securities.

In the Western Hemisphere, the "exposure" question for U.S. and other banks is posed by Brazil. On Aug. 31, the global financial crash struck that nation, with worsening effects each day as markets collapse, capital flees, credit stops, and banks go under. De facto, the country owes \$500 billion in foreign debt—on any terms, an unpayable amount. No government actions, whether budget cuts, interest rate hikes (up to 29.7% on Sept. 4), or the like, have mattered. During the first week of September alone, \$8 billion fled Ibero-America's largest country.

On Aug. 25, Japanese Finance Minister Miyazawa spoke of the derivatives threat in remarks to the Parliament's Lower House, stating his belief regarding Japan's de facto bankrupt Long-Term Credit Bank, that "the notional amount of LTCB's derivatives trade is over 50 trillion" yen. If LTCB "should find difficulty in paying," he added, "then there is a danger of default." According to Reuters news service, he said that such a default "could lead to a Japan-triggered global financial depression."

Mahathir: Non-aligned must defend themselves

This speech by Prime Minister of Malaysia Dr. Mahathir bin Mohamad, to the twelfth conference of the Heads of State or Heads of Government of the Non-Aligned Movement in Durban, South Africa, on Sept. 3, was delivered on his behalf by H.E. Abdullah Ahmad Badawi, Malaysian Minister of Foreign Affairs. In last week's issue, we reported an interview with Mahathir and a statement from the Malaysian Central Bank, on economic steps that that nation has taken to protect itself.

... 4. When NAM was founded in 1961, the world was divided into two blocs, into Eastern and Western camps, into Communists and non-Communists. It was an unstable world, with the nuclear powers accumulating the weapons of mass destruction sufficient to blow up this world. It was a world perpetually on the brink of war. We the weak third world countries lived in a state of trepidation and fear.

5. We felt a need to come together to protect our mostly recently gained independence, our hopes and aspirations. We did not want to be aligned with any of the blocs but to retain our freedom of choice, our own systems of Government, our rights as sovereign nations.

6. In this we felt we could succeed because we were in many instances being wooed by both East and West. We had the option to align ourselves with one or the other. And that option forced the two blocs to treat us with a modicum of consideration. Both were ready to extend help, to give aid and loans and gifts etc. Their courting enabled us to retain our precious independence. We were, I believe, a little bit spoilt because of the courting.

7. Then the Eastern bloc decided to throw in the towel. They surrendered unconditionally and a bipolar world became unipolar overnight. Some of us liked to believe that the more humane and righteous bloc won. Dictatorships were out and enlightened democracy apparently triumphed. Surely we would be seeing a better world, a world where human rights are respected, where the rule of law prevails internationally and nationally. We would see a world of free countries exercising their rights freely.

8. But I think we were wrong. The loss of the option to defect has exposed us to threats from which we find nowhere to hide. We have to submit or we would be bludgeoned into submission.

9. We have seen ample demonstration of the kind of things that can happen to those who fail to submit. I will not elaborate but suffice to say that we and our people, innocent or other-

wise, are no longer safe. An eye for an eye is said to be the basis of Muslim justice, but for the vengeful powers one eye is not enough. Two or more eyes can be exacted for the loss of one. It does not matter if the eyes belong to the innocent. The important thing is to teach the world a lesson. Submit or be damned.

10. But physical assault is not the only weapon of the powerful. A new weapon has been found which is even more effective. Merely by devaluing the currency of a nation and so impoverishing it, submission can be obtained even from the proudest and the most independent of nations.

11. The highly successful dragons and tigers of East Asia have now found how flimsy are their great economies. They had thought that their mastery of industrial technologies and management skills would enable them to grow into developed nations, able to compete in the market place with the most developed nations of the Western bloc. But in a few months their decades of achievements have been destroyed and they are reduced to begging for help.

12. When we achieved independence, the world believed in the sovereignty of nation-states. Proudly we maintained that our internal affairs and our internal policies are our own to determine. Our former colonizers should leave us alone. While the Cold War lasted, they did. But once the Cold War was over, the triumphant victors began to enunciate new concepts of international relations which could give them back their dominant imperial role.

13. After the Gulf War demonstrated that indeed there is now only one power, a new concept of international relations was introduced. Briefly, no country is sovereign if that country is judged by the Western bloc to have breached their norms of correct behavior. Initially violation of human rights is expected to warrant interference in the internal affairs of independent nations. Very quickly the right to interfere extended to political and economic systems or policies.

14. Now every nation must adopt the so-called free and open market system which will enable the rich and avaricious capitalists of the Western nations to enter and leave any country at will. They can own and set up banks and businesses everywhere and anywhere unfettered by the national needs and aspirations of any nation. They must be free to revalue and devalue currencies and shares, unimpeded by Government rules, laws and regulations. They will control and determine the exchange rates of all currencies anywhere, anytime. But the world must not know who they are and how they work. While they require Governments to be open and transparent, they themselves will remain shadowy and their operation closed to inspection.

15. The countries of the world have two choices, submit or be impoverished by having their currencies devalued and their share markets destroyed. Unfortunately, whether they submit or they do not the result is the same. From being stable and prosperous, they will now become poverty-stricken and beset with political and social turmoil. Today more than 25 million workers in the countries attacked by these capitalists



Malaysian Prime Minister Dr. Mahathir bin Mohamad.

have lost their jobs. This means that they have no food, no medicine and no milk for their children. For this, the blame is put squarely on the Governments of these countries for not providing a safety net in the form of unemployment benefits. That the practice in Asia is to provide life-time employment is not considered good for the workers. According to Western belief, workers should be sacked if the business is not doing well and the Government will support them. Sackings and uncertainty of employment are considered better than guarantee of lifetime employment. And so millions of workers in East Asia are now unemployed because the countries are being forced to accept the so-called superior Western practices.

16. With tens of thousands of businesses and many scores of banks folding up, Governments are now without adequate revenue to pay wages and fund public works. The loans they have been forced to take will ensure that for decades to come they will be debt slaves to the rich in the world.

17. That the free flow of capital and the right of speculators to determine the exchange rates of currencies have clearly destroyed many vibrant economies, resulting in chaos and extreme poverty, have not resulted in any second thoughts on the rightfulness of the free market system, of unregulated capitalism and the free-flow of capital across borders. Instead the economic recession and accompanying problems are blamed on the Governments. The market forces are merely disciplining Governments so that they will adopt superior Western ways of governance and management of the economy.

18. The protests of the victims are not only ignored but they are actually censored by the international media controlled by the West. Apparently freedom of speech and the press is not for everyone. And so the capitalists of the West continue to revel in the ease with which they can strip the wealth of the world. Their raids and attacks have become

more frequent and more widespread. Even the former bastion of the Eastern bloc are not free from them.

19. Logically globalization and a borderless world should mean not just a free flow of capital borders but also of people. Yet the proponents of a borderless world object strongly to the free flow of people into their countries. Actual fences are being erected so to stop the people from poor countries from coming in. Those who manage to overcome the physical barriers are subjected to physical abuses and forced to recross the borders. In fact those who profess religions that are not approved are subjected to ethnic cleansing and forced out of their own countries.

20. Again we see here double standards. While globalization is interpreted as the free flow of capital and goods from rich countries to poor countries, the free flow of people across borders into rich countries is not considered consistent with borderlessness and globalization.

21. The tendency of the rich and the powerful to interpret everything *to their advantage* is not confined to countering alleged terrorism and the market of the world. It extends into ideology and systems of decision-making and Governments. Thus the world is being told and indeed being pressured into the acceptance of liberal democracy and the will of the majority. Those who fail to accept democratic practices of the most liberal kind are subject to harassment, sanctions, bad-mouthing by the media and a variety of threats and pressures. That such acts are actually undemocratic do not bother the liberal democrats of the first world. Thus, leaders of independent nations are kidnapped and tried under laws that they never subscribed to, harbors are mined and economic sanctions applied unilaterally.

22. Yet in the United Nations there is not the slightest semblance of democracy. Any one of five countries can veto the will of the majority, in fact can do anything they like in the name of the Organization simply because they won a war fifty years ago. And so one country can reject the will of six billion inhabitants of this planet while demanding that other countries accept liberal democracy. They see no contradiction in their stand.

23. The interpretations of the United Nations' Resolutions have been appropriated by a few powers in the United Nations Security Council. The United Nations General Assembly is totally ignored and bypassed. And so the United Nations' Resolutions in favor of their protégés are upheld while those in favor of the countries not categorized as their clients are either misinterpreted or ignored.

24. The United Nations is a great concept but it was formed by an exclusive club of Nations who presumed it had a monopoly of the right to determine the shape of this world forever because it won World War II. It was an example of justice according to the victors. Such justice is obviously biased. But nevertheless they will resist any reform of the United Nations, which might impinge upon their right to use the United Nations to legitimize their national policies. Democratic processes are no argument for them to change their

stance. They and in particular the most powerful among them will do just what they like in the furtherance of their national policies.

25. Those of us who entertain hopes of democratic reforms in the United Nations should give up our dreams. We are not going to see anything like the reforms we envisage. If there is to be any reform it is only going to strengthen the hands of those who are already strong and who want more power for themselves.

26. The fact is that after fifty years of being free, largely on account of the Eastern and Western blocs confronting each other, our freedom is being eroded and colonialism is coming back. Of course it is not going to take the same form, but it is colonialism all the same. The strong and the mighty will quite literally rule us, determine our fate and our roles in the international scheme of things. Poor as we are, we will be exploited even as in the past they exploited us.

27. Our only hope lies in staying together. The relevance of being non-aligned in a unipolar world may be questioned. But there are any number of reasons for us to stay together. Divided one by one we will succumb. But in unity there is a chance that we will survive and possibly retain our integrity and independence.

28. The Non-Aligned Movement is therefore worth saving and rejuvenating. After our meeting in Belgrade, a small group made up of 15 non-aligned nations was set up to experiment with South-South Cooperation. It is not a resounding success. Not every country is dedicated to South-South Cooperation. But the modus operandi of cooperation between the countries of the South have been devised and tried out quite successfully. It is perhaps time for truly interested members of NAM to be brought into the scheme so that apart from our tri-yearly meet, we can have mutually beneficial interactions. Since the founding of the Group of 15, trade between them has expanded by almost 400%. With greater effort, trade can be really substantial.

29. Clearly NAM is still a useful forum and organization for the countries unwilling to be mere clients of the first world. It was founded in a bipolar world but it is clearly still needed in a unipolar world. The need to defend our rights is greater than ever. None of us can do it alone but together we stand a better chance.

30. We now know that the weapons to be used against us are not just military force but also economic forces. The assaults through economic forces are more subtle but are no less damaging and effective compared with military assaults. We need to know about the economic forces that may be used and how we may defend ourselves. As with the struggle against colonization, the time may come when the good elements among the powerful will see the injustice of their ways and throw their weight behind us. It may take a long time as indeed colonialism took a long time to be condemned. But God willing, the day will come when justice will triumph. Until then let us keep NAM alive and let us do what we can for ourselves.

Book Review

A useful, but flawed, attack on globalization

by Mark Burdman

False Dawn: The Delusions of Global Capitalism

by John Gray

London: Granta Publications, 1998

234 pages, hardbound, £17.99

As the world financial system enters its end-phase of disintegration, it is lawful that the policies of “globalization” and “global free trade” that have brought on this disastrous state of affairs are meeting growing opposition, including from inside that Great Britain that has been the principal sponsor of such policies. During the summer of 1998, John Gray’s *False Dawn* has received kudos from opponents of globalization in various parts of the world. This positive reaction in numerous quarters testifies to a growing backlash against globalization and free trade.

Gray, who recently moved to the London School of Economics from his post at Jesus College in Oxford University, documents the ravages brought about by globalization/free trade policies wherever they have been implemented. Himself formerly an ideologue of the “New Right” in Britain, he is well-informed on the subject. He provides convincing documentation about the devastating effects of Thatcherism on Great Britain; about the highly damaging results in New Zealand, where the most radical “free market” transformations anywhere in the world were implemented over the past decade or so; about the destructive effects of the neo-liberal experiment in Mexico from the mid-1980s into the 1990s; and about a Russia assaulted by a shock therapy policy in 1991-92, immediately after the break-up of a Bolshevik Soviet Union that had already imposed decades of suffering on its population.

For the United States, where “free trade” policies have been implemented with fervor, according to the prescriptions of the “New Right,” the results have been, Gray writes, “social breakdown,” the breakdown of family structure, and the marginalization of large segments of the population. “Social order” in the United States, he emphasizes, is “propped up by a

policy of mass incarceration,” which has led to more people being imprisoned per capita than anywhere in the world outside post-Communist Russia.

The push to impose a global free market has been like a cancer spreading throughout the world, undermining states, spreading conflicts, and impoverishing populations. “The age of globalization will be remembered as another turn in the history of servitude,” he writes.

At the same time, Gray warns that the global free market bears within it the seeds of its own destruction: “Large and widening inequalities threaten the political stability of the free market at both national and global levels. It is not easy to see how the American-led concert of the great powers on which today’s global market relies can withstand a prolonged setback in the world economy. The policies of crisis management that have averted catastrophe in the recent past will not now be adequate. A breakdown of the present global economic regime could well result from current policies.”

In his concluding chapter, he writes: “Global *laissez-faire* may break down in an unmanageable crisis of the world’s stock markets and financial institutions. The enormous, practically unknowable virtual economy of financial derivatives enhances the risks of a systemic crash.” Gray then warns that a crash of significant magnitude “could trigger large-scale economic and social conflict in the U.S.” This would, in turn, bring down “the international regime of free markets.”

Gray is one of a growing chorus of voices calling for a re-regulation of the global economy. He advises that the required solution, is “the rehabilitation of the state,” together with “a framework of global regulation — of currencies, capital movements, trade and environmental conservation.” One proposal that would “render world markets more stable and productive,” in his view, would be an international “tax on currency speculation,” such as that recommended by economist James Tobin.

Narrow focus on Washington

Gray’s book is certainly a factional document inside the British establishment, from among that minority of individuals who don’t go along with the prevailing consensus of the Tony Blair government and the British Commonwealth structure, according to which, globalization/free trade is the holy-of-holies, to which all policies must be subordinated. At every opportunity, whether in speeches or interviews, Blair hyperventilates about the wonders of globalization, and the benefits that accrue to Britain from it.

However, while Gray occasionally speaks of the “Anglo-Saxon” orientation of globalization, or of the “Anglo-American-style free market,” his enemy image is not the City of London and its Commonwealth offshoots, but, rather, Washington. He repeatedly insists that what drives globalization/free market policies is the “Washington consensus,” brought about by the “neo-conservative ascendancy” in American life over the past 25 or so years and by the realization of “Enlightenment” policies by the United States. A characteristic formu-

lation of his, is that Mexico was the “prime site for the American project of engineering the free market throughout the world,” or the quote above about the “American-led concert of the great powers” behind globalization.

Ultimately, this focus on Washington as the source of the problem brings Gray into a cul-de-sac, undermining his otherwise often-forceful argumentation.

Admittedly, there has been strong advocacy of globalization/free trade policies in the last U.S. administrations, typified by the promulgation of the disastrous North American Free Trade Agreement (NAFTA) and repeated statements of support for International Monetary Fund “structural adjustment”/“reform” policies imposed on various countries. However, by his repeated references to the “Washington consensus,” Gray sidesteps the reality of the *British authorship* of such policies over a period of decades, mediated in the United States through various Anglophile policy structures. Notably, an apparent consensus favoring free trade and globalization has largely resulted from the penetration of American institutions and think-tanks, typified by Washington’s American Enterprise Institute and Heritage Foundation, by British ideology, of the sort that promotes the nonsense that the American Founding Fathers were supporters of the “free trade” doctrine of Adam Smith.

His fixation on the “Washington consensus” also avoids the issue that politics in Washington, including inside the Clinton administration for example, is often highly factionalized, with different approaches on global issues. Besides, whatever “consensus” may exist, is prone to crack up, under conditions of the type of global financial instability we are now witnessing, particularly as mass social ferment spreads in the American population.

Regrettably, Gray fosters a knee-jerk anti-American reflex from the victims of global free trade policies, and ignores the one pathway that can save the world from the horrors of continued adherence to the globalization/free trade package, namely a return by the U.S. administration to those principles of the American System of national economy that are diametrically opposed to the imperial-globalization model.

His view of the basic historical issue involved is odd. He portrays the “Washington consensus” as, in essence, the fulfillment of an historical design, emanating from the Enlightenment. Gray writes, in the introductory passages of the book, that the effort to achieve a “global free market” is a “revolutionary project” in “social engineering” that is being carried out by “transnational organizations such as the World Trade Organization, the International Monetary Fund, and the Organization for Economic Cooperation and Development,” all of which are “following the lead of the world’s last great Enlightenment regime, the United States.” The United States, he writes, is the last great power to base its policies on the Enlightenment thesis of a “new, universal community founded on reason.” This follows from such Enlightenment thinkers as Tom Paine, Thomas Jefferson, and Benjamin Franklin. “A global free market,” he emphasizes, “is the En-

Likelihood of global crash is growing

The likelihood of a global crash is growing, and its consequences will be worse than 1929-32, because of the vast exposure of tens of millions of Americans on the equity markets, warns London School of Economics Prof. John Gray, in a commentary in the Sept. 8 London *Guardian*.

Gray enumerates the various dangers now imminent, including financial crises in Brazil and Argentina, bank failures in Japan followed by the repatriation of Japanese assets to Japan, further tremors in the Kremlin, and others. These factors, in some combination or by themselves, could transform “mounting anxiety about the economy” into “panic among the 100 million U.S. private investors who have placed an unprecedented portion of their wealth in the stock market.”

Gray goes on: “It is becoming fashionable to talk of a re-run of the Great Crash of 1929-32, when the American market fell by 90%, and a global depression ensued. In fact, the scale and depth of the American people’s exposure to the stock market is greater now than at that time—or any other. As a result, a fall in the market considerably

smaller than that which occurred between 1929-32 could have a larger economic impact. A sustained slide on Wall Street will not be a market correction, but a signal for a major dislocation of the world economy.” In that event, he writes, the American public will react against free market policies, and official American support for “laissez-faire” policies around the world will suffer a crushing blow.

Gray excoriates the American and British governments for insisting on “market reform” policies in Russia and Asia, stressing that this insistence “bodes ill for the world,” and for the political futures of both U.S. President Bill Clinton and British Prime Minister Tony Blair. As pertains to Blair, he warns that a coming global crash would wipe out the wealth of the “vital constituency” that voted for him in May 1997, as pensions shrink and housing prices fall.

Gray also itemizes what “reform” policies have done to Russia: halving production since 1991, turning much of the economy into a barter economy, and reducing Russia to a “largely pre-modern, subsistence economy.” He advises that “Russian agriculture and manufacturing cannot be rescued from collapse without protection from world markets and curbs on the mobility of capital.” By opposing such policies, Western leaders have assured that whatever regime now emerges in Russia, will be more anti-Western than previously anticipated.—*Mark Burdman*

lightenment project of a universal civilization, sponsored by the world’s last great Enlightenment regime. The United States is alone in the late modern world in the militancy of its commitment to this Enlightenment project.”

This thesis is Gray’s own delusion respecting global capitalism.

Leaving aside that globalization is hardly a policy “founded on reason,” the first point to be stressed, is that, as *EIR* has documented, American Founding Fathers, led by Franklin, were *passionately opposed* to that Enlightenment worldview represented by John Locke, Thomas Hobbes, Adam Smith, and others.¹

Related to this, is that Gray displays ignorance about the American System. Only in one paragraph in the book, does he concede that American history has often been characterized by protectionist policies opposed to the “free market” and “free trade.” He omits discussion of the policies of Alexander Hamilton, Mathew and Henry Carey, Friedrich List, and others. The diplomatic expression of the American System was John Quincy Adams’s “community of principle among sovereign nation-states,” an idea diametrically opposed to a utopian notion of a globalized world in which nation-states are sum-

marily destroyed. John Quincy Adams’s vision was embodied in President Franklin Delano Roosevelt’s anti-colonial vision for a post-World War II world. All of this historical perspective is absent from Gray’s book.

This is not a matter for academic nit-picking. The fate of humanity now, to a large extent, depends on whether significant forces in the United States follow the lead of Lyndon LaRouche, and return to that tradition of John Quincy Adams and FDR. We repeat, that under condition of the shocks delivered by the ongoing process of financial disintegration, whatever “consensus” exists in Washington can, at any moment, crack up, and the American System can become a rallying-point for patriotic forces seeking an alternative.

Toward the end of the book, Gray writes: “A vital condition of reform of the international economy is that it be supported by the world’s single most important power. Without active and continuing American endorsement there can be no workable institutions of global governance. But so long as the United States remains committed to a global free market it will veto any such reform. So long as American policy is based on the laissez-faire ideology that informs the Washington consensus there is no prospect of reforming the world economy.”

The problem is, that he basically denies the possibility of any substantive, positive change in American policy. Hence,

1. Cf. Philip Valenti, “The Anti-Newtonian Roots of the American Revolution,” *EIR*, Dec. 1, 1995.

he claims that the battle for “economic justice” inside the United States, can only remain a “fringe” concern. There is no possibility of returning to the “Rooseveltian New Deal” policies. “The classical policies of trade protection . . . are unworkable or counter-productive,” he writes.

Ultimately, in his view, globalization is leading, at best, to a stand-off between the Americans, on the one side, and those powers—China, for example—whose ostensibly “indigenous” development will lead them to resist globalization, on the other. A more likely outcome is that of “anarchy,” or “creative destruction.” Oddly enough, in his concluding chapter, he praises the World Bank for recently endorsing “an effective state” by reference to Briton Thomas Hobbes’s 1651 *Leviathan*—an Enlightenment tract that promotes tyrannical forms of rule.

Commonwealth imperial globalism and George Soros

For the record, it is worth emphasizing that the British establishment has been quite explicit, in identifying globalization as “their baby.” For example, on March 29, 1995, the Royal Institute of International Affairs co-sponsored, together with Her Majesty’s Government, a conference on “Britain in the World,” which brought together 700 persons, including many British influentials. At that event, Katharine West, from Australia, produced a paper for the Royal Institute, entitled “Economic Opportunities for Britain and the Commonwealth,” in which she proclaimed: “Globalism is Britain’s natural and logical style, and the world as a whole, including the Commonwealth, is Britain’s natural economic territory.” This “globalism” is expressed, in current times, by “the dynamics of an informal financial empire that maintained its vibrancy long after the formal empire went into decline.”

Other speakers at the event focussed on the global reach of the City of London. To put the matter another way, the City of London and related bulwarks of British power cannot survive unless they have the looting capacity made available by globalization.

Gray sidesteps this point, avoiding discussion of the institution of the Commonwealth altogether. Consistent with this oversight, is the fact that one of the figures he quotes prominently, repeatedly, and to favorable effect on the subject of globalization, is George Soros, the British-linked moneybags who has benefitted massively from speculation in the global free market. This is like having the bacteria discuss a solution to a disease. One of Gray’s footnotes exults about Soros’s “powerful argument for the reform of American drug policy”—a curious euphemism for Soros’s massive funding of drug legalization initiatives in the United States and elsewhere.

Equally problematic, is that in his zeal to portray globalization as the realization of a “Western” development model, he buys into the ecologist agenda, endorsing the global warming hoax and other features of that agenda. His call for a global “managed regime” to replace “global laissez-faire,” includes

a plea for “the necessary consensus on means and ends in policies on population control and environmental conservation.”

Along similar lines, in his chapter on “anarcho-capitalism in Russia,” he claims that Russia is, today, for the second time in this century, a victim of a Western model of social engineering, first Marxism, and now globalization. He writes: “The western Promethean attitude to the natural world informed Soviet policies throughout the life of the regime. It was also one of the causes of its collapse.” In the Soviet Union, “mass ecological movements” opposed to “vast projects of dam-building in Siberia” were “the real internal catalysts for the Soviet collapse.” He begins his chapter on the Soviet Union with a quote by Bertrand Russell from 1920, to the same general effect.

This is dangerous misinformation. To the extent that Soviet leaders like Lenin tried to promote a “western Promethean attitude,” to that extent there was general progress for the Soviet population. The nations of the former Soviet Union, today, require large-scale dam-building and other infrastructure projects, if they are to reverse the current precipitous economic collapse.

Were John Gray not to confuse globalization with the positive features of “Western” development, his book would have one less flaw, and be a more constructive contribution to the current wave of opposition to policies of globalization and global free trade.

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Business Briefs

Petroleum

Azerbaijan, Iran discuss cooperation

Azerbaijan's President Heidar Aliyev met with Ali Akbar Hashimi, director general of Iran's Oil Industries Engineering and Construction Co., on Sept. 2, to discuss increased cooperation in the oil sector. The Iranian firm has a 10% stake in the consortia formed to exploit the Shah-Deniz and the Lenkoran-Deniz offshore Caspian Sea oil fields. Hashimi indicated that his company is interested in expanding activities in Azerbaijan and entering the petrochemical and gas sectors. Natic Aliyev, president of the Azerbaijan state oil company, SOCAR, whose dismissal on corruption charges was recently rumored to be imminent, also attended the talks.

Meanwhile, the Abkhazian government delegation to the Coordinating Council meeting in Sukhumi, Georgia on Sept. 2, indicated that the breakaway republic's leadership is interested in the proposed construction of an oil pipeline linking Russia's Black Sea terminal of Novorossiysk with the Georgian port of Supsa, the Russian newspaper *Nezavisimaya Gazeta* reported on Sept. 4. The delegation said that construction of the pipeline would contribute substantially to restoring the region's economy and reducing unemployment.

Science

Ice at lunar poles may be more than expected

Scientists who have been analyzing data collected by the Lunar Prospector spacecraft over the last six months, report in the current issue of *Science* magazine that their previous estimate of 300 million tons of water ice at the lunar poles, is being revised upward, to 6 billion tons. The ice, which has collected in the permanently shadowed craters at the poles, is thought to most likely have come from impacts of watery comets.

Principal Investigator Dr. Alan Binder told the press on Sept. 3 that further analysis

of the earlier Lunar Prospector data confirms that there is hydrogen at the lunar poles, and that although "other explanations are possible, we interpret the data to mean that significant quantities of water ice are located" there. The new analysis indicates that nearly pure water-ice deposits are buried beneath as much as 18 inches of dry regolith (soil).

Lunar Prospector has also been carrying out global mapping missions of the minerals, elemental composition, magnetic fields, rock types, and mass concentrations of the Moon. It has found that there are localized concentrations of magnetic field, evident in magnetized rocks on the surface, which seem to have been produced when large bodies crashed into the Moon. There are also indications that the Moon has a small, iron-rich core, which would discredit some of the theories about the Moon's origin. For example, it has been proposed that the Moon accreted from material tossed into space by a huge impact on the Earth, in which case it is expected that there would not be a metallic core.

South Asia

Bimstec focusses on cooperation guidelines

Indian Commerce Minister Ramakrishna Hegde attended the meeting of the Bimstec economic ministers in Bangkok, Thailand, which formulated "guidelines for economic cooperation" to improve mutual trade and investment, the Indian newspaper *The Hindu* reported on Aug. 21. Bimstec (Bangladesh, Myanmar, Sri Lanka, and Thailand-Economic Cooperation) sees itself as a potential "bridge linking the Association of Southeast Asian Nations and the South Asian Association for Regional Cooperation."

The ministers agreed to work toward an "early operationalization of the Bimstec component of the southern corridors of the Trans-Asian Railways and Asian Highway projects." They decided to establish a senior economic officials committee, consisting of officers not below the rank of secretary. Its mandate, to be carried out through various working committees, is to draw up an "action agenda" and "monitor progress."

On previously agreed areas of cooperation, the meeting decided that India would

coordinate activities relating to technology, and Bangladesh would handle trade and investment. Transportation and communications was entrusted to Thailand, energy to Myanmar, and tourism and fisheries to Sri Lanka.

A Bimstec tourism summit is to be held in India later this year, and the following new areas were identified for cooperation: rubber, tea, coffee, coconut, and spices; automotive industry and parts; and processed food, seafood, fruits, vegetables, and rice products. Trade and investment spheres that were initially identified cover textiles and clothing, drugs and pharmaceuticals, gems and jewelry, horticultural and floricultural products, information technology, and services.

Indonesia

Poverty dramatically increasing, says ILO

The International Labor Organization warned that the percentage of Indonesian citizens below the poverty level will rise to 53% in rural areas, and to 39% of urban residents in 1999, in a report released on Aug. 31, according to the Sept. 1 Singapore *Straits Times*. These are "poverty levels not seen since the 1960s," the report said. Almost all economic sectors are expected to continue to decline.

The report cautioned that the combination of price increases, mass unemployment, and rising poverty will raise the threat of renewed violence. The team of experts which prepared the report, which included prominent economists with links to the Habibie administration, said that the evaluation was based on data covering the decrease of agricultural production and Indonesia's growing dependence on food and basic commodity imports, in the context of rising inflation. Already, 37% have fallen below the poverty line in the first half of 1998, and 48% will be there by the end of this year.

The report said that 5.4 million will lose their jobs this year, with unemployment rising to 7%, or 6.7 million, including 2.8 million displaced workers unable to find work in the informal sector, 1.4 million new entrants into the labor market, and 2.5 million already

CHINA'S Industrial and Commercial bank announced it will make 65.6 billion yuan of credit (\$8 billion) available for capital construction in the immediate future, the *People's Daily* reported on Sept. 4. The Ministry of Civil Affairs also said that at least one-third of the new housing which must be built to replace that destroyed by flooding, must be constructed before the winter begins.

KYRGYZSTAN is playing a key role in the new Silk Road project, that nation's Ambassador to Germany Apas Dzhumagulov told the Berlin daily *Tagesspiegel* on Sept. 1. "As the Great Silk Road is built anew, there will once again be an uninterrupted transport artery from Shanghai to Berlin and Paris," he said.

ISRAEL is facing a strike by 300,000 public sector workers. Histadrut, the trade union organization, is calling for an 8% wage increase (the government has offered 0.75%), and is objecting to the government's hiring part-time and contract workers, without paying benefits and union-scale wages. Half of the grades on the public sector wage scale are below minimum wage.

KAZAKSTAN is interested in Indian expertise in improving infrastructure. Khairat S. Karibzhanov, director of the Department of Roads in the Ministry of Transport and Communications, reported on Aug. 28 that an Indian firm has been appointed by the Asian Development Bank to conduct a study on priority road projects for Kazakhstan.

THE EUROPEAN Monetary Union criteria should be suspended as long as the Asian and Russian crises affect Europe, Hannes Swoboda, a Socialist Party deputy in the Austrian Parliament, said on Aug. 28.

BANGLADESH must double the amount of food grains normally received in aid and imports this year, because of floods, Red Cross officials in Dhaka said on Aug. 30. "Bangladesh's total food shortfall is likely to reach 4 million tons," an official said.

unemployed. One member of the team said that 20% of the 92 million workforce are now unemployed. Half of those retrenched are expected to seek work in the informal sector.

Indonesia's poverty standard is roughly half of the U.S. standard, or income of 55¢ for urban areas and 40¢ for rural areas per day (assuming an exchange rate of 2,300 rupiahs to the dollar; the current rate is 10,750 to the dollar), or a daily diet of 2,100 calories.

Infrastructure

China plans rail link to Hainan

China plans to construct a rail link to Hainan, the large island off China's southernmost coast, *People's Daily* reported on Aug. 31. The rail link, which will cost about 4.5 billion yuan (\$540 million), would involve building 542 miles of track and constructing China's first train ferry across the Jingzhou Strait, which separates Hainan from the province of Guangdong. The project, to be completed in 2001, will be funded by the Rail Ministry and the governments of Guangdong and Hainan provinces.

This is one of nine large rail projects to be constructed over the coming years. Earlier, a plan to build a rail line connecting Tibet and Yunnan province was announced. China plans to increase spending on rail construction to 45 billion yuan this year, up from 34.9 billion yuan last year.

Space

International Space Station launch nears

With the launch of the first element of the International Space Station due on Nov. 20, the U.S. National Aeronautics and Space Administration is seeking ways to infuse cash into the Russian Space Agency (RSA), to allow it to finish critical station hardware and continue to participate in the project. With the deorbit of the Russian Mir station less than a year away, Russia will be out of the manned space effort for the first time

since 1961, if it cannot be rescued from the financial collapse.

NASA has been prevented by the U.S. Congress from giving the RSA the \$80-120 million needed to complete the Service Module, scheduled for launch next spring, and to keep the station on schedule. Science Committee Chairman James Sensenbrenner (R-Wisc.) has preferred to try to get NASA to build the station without the Russians. The Clinton administration refuses to go along with such a proposal.

According to the Aug. 31-Sept. 6 issue of *Space News*, U.S. station managers are now trying to figure out what hardware they can buy from the Russians, such as Soyuz capsules, that can be delivered in the future, but for which they could be paid now. The cash could then be immediately put into completing the critical near-term Service Module. In addition, NASA has asked its industrial contractors to identify what services they could buy from the Russians, instead of performing them in-house. Energia, the main Russian space station contractor, has started laying off employees due to a severe lack of cash from government contracts.

Mexico

Extreme poverty rises 300% in last four years

The Mexican daily *El Financiero* reported on Sept. 2 that in the last four years, the number of indigent people in Mexico, that is, people who do not have enough income even to eat, rose 6 million, from 20 million to 26 million. Another 40 million of Mexico's 96 million population live in extreme poverty (a bit "up" from indigent), while another 20 million survive on incomes of less than two minimum salaries, which is considered barely sufficient to buy one-third of what the UN Economic Commission on Latin America identifies as the indispensable consumption basket for labor.

If this report is accurate, all told, 86 million of Mexico's 96 million people live in inhuman conditions, thanks to International Monetary Fund policies.

Two labor groupings have announced they will be mobilizing protests.

The death-agony of Olympus

by Lyndon H. LaRouche, Jr.

September 1, 1998

Not only the leading political strata world-wide, but also growing numbers of U.S. citizens generally, are responding to the most recent turns in the global financial crisis, by saying, in effect, “Doctor, tell me: what is happening inside my head?”

One symptom of those changes, is the way in which the so-called “New Democrats” (also known as “Third Way” ideologues¹) have moved, suddenly, in the wake of August 17th Russia developments, toward openly defecting from the traditional U.S. Democratic Party.² The “New Democrats’ ” recent change in tac-

1. “Third Way”: It is not idle wit, to identify such ideologues as advocating the political-economic equivalent of a policy of “Neither life nor death, but a Third Way.” In their “Lotus Land,” the devotees of such views do not work, but devote themselves to search for convergence in their idle choices of opinions and other expressions of bad taste. In the post-Civil War culture of the U.S.A., this sort of “Lotus Eaters” ideology was most aptly expressed by such ungently decadent creatures as the Nashville Agrarians (“The Fugitives”), as the latter are typified by Robert Penn Warren, John Crowe Ransome, and Kissinger’s William Yandell Elliot. This surely, is the real-life, mint-julep-sipping, or other equivalent to the fictional “Count Dracula,” who neither toils nor spins, but merely sucks.

2. Admittedly, already, during May-August 1996, the “New Democrats” bullied President Clinton into throwing the Democratic Party’s chances to win back control of the U.S. House of Representatives, by forcing both Clinton and traditional Democrats into submitting to a piece of the U.S. Yahoo right’s legislation on “welfare reform.” In the setting of the August phase of the current international financial crisis, the same “New Democrats,” including celebrated Puritan “Dick” Morris, used the pretext of Kenneth Starr’s Lewinsky Affair to launch a public attack amounting to an open break with the President and the traditional constituency-forces of the Party. Among those vying for the Democratic “Hall of Shame,” are: former Sen. Sam Nunn (Ga.), who suggested in a *Washington Post* commentary on Aug. 23 that the interests of the country may require President Clinton to resign; House Minority Leader Richard Gephardt (Mo.), who said on Aug. 25, that President Clinton could be impeached, and that his conduct was “reprehensible”; Rep. James Moran (Va.), the co-chair of the “New Democratic Coalition,” who told *Barron’s Hotline* that Clinton’s admissions constitute a particular peril to “New Democrat” candidates in swing districts. Similarly, on Sept. 6, Sen. Daniel Patrick Moynihan (N.Y.) said that

(From left) Vice President Al Gore, British Prime Minister Tony Blair, Queen Elizabeth. "What threatens the political doom of both Blair's and the New Democrats' 'Third Way,' is the fact, that, already, not only within the U.S.A., but throughout most of the world, a radical, rapid shift in 'cultural paradigms' is in progress, directly reversing the earlier 'cultural paradigm-shift,' which had been first popularized during 1964-1972."



tics, may be partly a calculated factional tactic, aiming toward fusion with Gingrich Republicans,³ but, also, partly a kind of sociological, "knee-jerk" reaction to the recent, dramatic change in the global financial-monetary environment. What-

President Clinton had committed impeachable offenses by lying in the Paula Jones deposition and by lying to the American people. Moynihan told ABC's "This Week," that there is a "crisis of the regime," and that Congress "ought to get on . . . with an impeachment procedure." In fairness, it should be acknowledged, that the present tendency for convergence upon unity between the followers of "Third Wave" Gingrich and "New Democrats," is the outcome of a twenty-year process of defection from the Democratic Party, especially from among those states in which slavery of African-Americans had been formerly legalized, prior to post-Civil War Reconstruction. There is a corresponding connection between British Prime Minister Tony Blair's affinities for the legacy of anti-labor fanatic Margaret Thatcher, and "Dick" Morris' affinities for conciliation with the "Benito Mussolini of Georgia," Newt Gingrich.

3. In a January 11, 1995 address to the Washington, D.C. National Press Club, Senator Edward Kennedy (D-Mass.) pointed to the reason the Democratic Party had lost the 1994 congressional campaign (see "Battle for the Soul of the Democratic Party Has Begun," *EIR*, March 29, 1996). "The last thing this country needs is two Republican parties," he stated. What he was pointing to, was the way in which certain currents within the Democratic Party were drifting toward political convergence with the Gingrich wing of the Republican Party. Since then, these same, deviant currents within the Democratic ranks, have found kinship with the "Third Way" tactics of Britain's Tony Blair: Blair's avowed commitment to replace former British Labour Party constituency-oriented politics, by a kind of political sex-change, a convergence of the Labour government with the ideology of the Mont Pelerin Society's rabid Thatcherism. This, Blair identifies as the "Third Way;" the "second Republican Party" inside the Democratic National Com-

mittee's reigning "political advisors," has adopted Blair's version of the "Third Way" as their own. The ideological roots of the "Third Way" among today's nominally Democratic Party circles, are to be found in two anti-labor currents from earlier times. One, especially among political figures from former slave-owning states, is typified by the perennially decadent "Nashville Agrarians." The more recent, converging source of the "New Democrat" perversion is the "new leftist" form of explicitly anti-labor, countercultural ferment associated with 1964-1972 phenomena such as SDS, the Weatherman break-out from SDS, and the Rainbow Coalition of the earliest 1970s. In the lexicons of Europe's 1920s and 1930s, both today's Gingrich types and the "Third Way" New Democrats would have been classified as strictly "fascist."

Related developments are manifest around most of the world, during these same few weeks and months. This includes the fact, that many in Britain's Labour and other circles are relishing the anticipated, early downfall of the U.S. "New Democrats'" singularly unlovable co-thinker, "Third Way" Prime Minister Tony Blair.⁴

4. For our purposes here, Blair's significance is that he not only typifies, but is integral to a Transatlantic spectrum of so-called "Third Way" clowns, from the leadership of Speaker Newt Gingrich's "New Democrat" partners, to Germany's dubious "shadow" Chancellor, Gerhard Schroeder. Blair is currently under heavy, increasing attack from responsible British Labour Party currents inside England. Denunciations of Blair from these Labour Party

What threatens the political doom of both Blair's and the New Democrats' "Third Way," is the fact, that, already, not only within the U.S.A., but throughout most of the world, a radical, rapid shift in "cultural paradigms" is in progress, directly reversing the earlier "cultural paradigm-shift," which had been first popularized during 1964-1972. World-wide, for virtually all literate strata of populations, the widely accepted, putative meaning of the term "political reality," is being changed in content, suddenly and rapidly. This is not an homogeneous shift, but a complex one, expressed in many, diverse, sometimes mutually exclusive ways.⁵ It is not only

quarters each and all pin-point defects in Blair's policies and personal character which are also the despicable characteristics of the worst among Germany's SPD leadership and the worst among the leading spokespersons of the "New Democrats' " own "Third Way" faction in the U.S.A. The Aug. 14 London *Guardian* announced a "Third Way" conference on "Democracy in the Global Economy," for Sept. 21 in New York (to coincide with the UN General Assembly), hosted by the World Policy Institute. Speakers were to include President Clinton, British Prime Minister Tony Blair, Italy's Romano Prodi, and Sweden's Göran Persson. Brazil's President Sir Henrique Fernando Cardoso and Germany's Social Democratic Chancellor candidate Gerhard Schroeder were invited, but are unable to attend, because of their respective election campaigns. The London *Financial Times* of Aug. 27 reveals that there have been "several meetings between top U.S. and U.K. officials over the past year . . . as a way of focusing attention on their new policy model. . . . Mr. Clinton's advisers believe if he is able to emphasize his strong policy credentials and international stature, it could help sway public opinion and head off possible impeachment hearings." Prime Minister Prodi told Italian TV that, now that we are accustomed to speaking of "global economy," we have to achieve "global politics." Like Britain's waning Prime Minister Tony "Cheshire Cat" Blair (successor to Margaret "Mad Hatter" Thatcher and John "Dormouse" Major), the U.S.'s "New Democrats" represent a form of irrationalism so shamelessly lacking in principle, as to prompt the modern clones of the *Republic's* Thrasymachus, but not the U.S.A.'s "Dick" Morris, to blush. The Aug. 14 issues of the London *Guardian* and *Times* both report a letter from former Industry Secretary Tony Benn to Blair's Chancellor of the Exchequer Gordon Brown, charging that he has "no industrial policy," and which suggests that the protection of the rich is one of the Government's main objectives." The Aug. 7 issue of the *New Statesman*, runs a cover story by Helen Wilkenson, who writes that a "culture of cronyism appears to be permeating government. . . . The cancer that threatens to eat away at the heart of New Labour is the love of power, and control for its own sake. This love of power could become, as it did for Margaret Thatcher, New Labour's Achilles' heel."

5. For the oldest presently living generation of Americans, the relevant comparison is to the "reality shock" which struck many at various points during the 1929-1933 interval. In the more celebrated, extreme cases, we had the spectacle of yesterday's Wall Street multimillionaire, suddenly bankrupt, homeless, and shunned by his former associates, peddling apples on the street. The comparable, less extreme case today, is the rather typical case of the person depending upon a mutual fund account. The relevant quality of "reality shock" is implied by the fellow who, up to a certain moment, thinks, "That could not happen to me," and, in the next moment, sits in rueful terror, "It happened to me." The resulting process of ongoing "radicalization," will produce effects reminding us of the polarization of the world at the beginning of the depression-ridden 1930s, with the emergence of President Franklin Roosevelt's factional position on one side, Adolf Hitler's on the other, and Churchill's somewhere in between: an entirely new constellation of political forces is emerging to replace what had been the leading partisan alignments of the preceding thirty-odd years.

reality itself which is changing; there is a rather sudden, and rapid change in the meaning which the crisis itself is compelling people, more and more, to lend to their implied definition of the term "reality."

The relevant simile is: the relevant ideological kind of debtor's balloon-note has come way overdue. In other words, reality, which has been operating, for decades, as if from behind the scenes, is now breaking free from the concealing mists of what had become, heretofore, the dominant varieties of popular delusions. The legendary, gruesome "monkey's paw," is knocking at the door. With the advent of the newest round of the century's greatest financial crisis, Yuppiedom's post-1963 parody of the "Flapper Era" has ended. As for the populations of the U.S.A. and Europe during the 1929-1932 onset of the so-called "Great Depression," this new change comes in the form of successive shock-waves, ruining most of those fanciful assumptions which most of the population, from all political classes and ranks, have preferred to believe, since before the most recent two decades, until now.

Such changes have arrived as very bad news for the likes of "Third Way" shaman "Dick" Morris. Yesterday's popular opinion, as pollsters had proclaimed it to be unimpeachable, until the proverbial day before yesterday, is discredited, more and more. The world as most people in the U.S.A., Japan, or Europe had assumed it to exist, just a few months, or even a few weeks earlier, no longer exists, and never will again.

There are more, and still more shocking changes, yet to arrive. During each of the coming succession of short periods, each of no longer than several weeks, the world as a whole will experience now-oncoming, new, sudden shocks, mostly economic or economics-related, each coming one after the other. In most cases, each of these shocks of the coming weeks and months, will be of a quality which, until a few weeks earlier, most leading political strata, and others, would have been certain could absolutely never occur, changes which no previous shock had prepared them to foresee, or understand. For these dismayed folk, today's political weather-forecast for the coming weeks, reads something like: "Tigerland tornadoes yesterday, Yen hurricanes today, awesome volcanic eruptions in Europe's Russian backyard tomorrow, and cataclysmic earthquakes everywhere the day after that."

Who will bring relief from this recurring nightmare? One can safely say, categorically, that, with the exception of China and those of its neighbors, such as Malaysia and Taiwan, who are now already joining China in an emerging policy-bloc, there is, up to this present moment of writing, virtually no other government anywhere else on this planet, including the government of the U.S.A., which is intellectually or emotionally prepared, yet, to deal rationally with the situation it faces during the coming few weeks and months.

In other published locations, I have presented, in considerable detail, the programmatic features of the economic and related policy-changes which must be adopted to solve the

objective financial, monetary, and physical-economic features of this crisis. My chief purpose in writing here, has a different emphasis. My task here, is to help leaders, both inside and outside our government, and among what might be named the “organic leaders” within the pores of local and regional constituency associations, to make sense of the maelstrom of change now whirling inside their own heads. My task here, is to provide the basis in understanding, for that quality of peace of mind, which today’s political leaders must summon to guide their judgment, in facing the otherwise nerve-wracking succession of crises still before them.

I outline the case to be presented, as follows. I situate the present state of the crisis, by reference to the point when the most recent qualitative shock hit the U.S. government and others, suddenly, beginning August 17, 1998. We shall begin, thus, with attention to the more obvious, surface features of the changes associated with this phase of the crisis. After that, we shall turn to the principal subject of this report, to the more profound implications. There, we shall focus upon the psychological and related effects which most citizens, including leaders of our government, would not be capable of either understanding or mastering, without the kind of assistance I provide them here.

The day reality struck

Many of *EIR*’s readers will recall, that, in a report drafted on August 14th, published in our August 28 edition, I defined three, relatively short-term options, or, what might be called “branching points,” respecting the outcome of the presently accelerating disintegration of the existing international financial and monetary system.⁶ On August 17th, three days after that report had been outlined, what my associates and I had warned would be the immediately impending new Russia crisis, exploded. The world has not been the same since that August 17th, and never will be again.⁷ Those and related events of August are the setting in which the recent revolution in popular opinion erupted.

Respecting the continued aggravation of the post-August 17th Russia crisis, the following note should be interpolated here. The reader should be reminded, that the effects of Russia’s financial crisis are predominantly those of a *Euro-*

pean political-strategic crisis, in contrast to the threat to the global financial-system inhering in the deep bankruptcy of Japan’s banking system and the policy-making of its present government. *In contrast to Russia, it is Japan, under its present government, which represents the greatest present threat to the planetary financial system as such.* Thus, by contrast with the far more ominous Japan crisis, the impact of the Russia crisis which erupted on August 17th, reflects a relatively much less acute threat to the world’s financial system *as a financial system.* The importance of the Russia crisis lies in its severe and profound strategic *political* significance, especially for Europe, and, therefore, as a consequence, also the U.S.A.⁸

For example, post-August 17th developments in Russia, when situated within the global context of Japan’s bankruptcy, scrambles the pre-existing agreements to establish stable financial and monetary relations among western European states. No longer can Europe’s internal affairs be managed on deceased French President François Mitterrand’s evil terms.⁹ Thus, the present combination of the Japan and Russia crises, spells the unavoidable doom of the European Monetary Union’s presently upcoming plans for agreements on implementing the so-called “Euro.” Any workable means for actually solving Russia’s immediate economic crisis, depend upon junking the “free trade” reforms instituted, successively, under Gorbachev’s *perestroika* and President Yeltsin; without strict capital and exchange controls, and an accompanying, protectionist approach to reviving Russia’s agricultural and manufacturing potential, any approach to Russia’s present crisis will fail catastrophically, and very quickly. Thus, while the available immediate measures of economic solution for the most pressing features of the Russia crisis, are obvious, the problem for Europe is, that any such workable solution for Russia’s crisis, overturns the entire structure of “free trade” and “globalization” measures imposed upon all of Europe during the 1989-1993 term of U.S. President George Bush; that is the crucial *political* difficulty for Russia’s western European neighbors, and also for the presently much-beleaguered U.S. President Clinton.

Once again: relative to Russia, it is the position of Japan, not only in relation to East and Southeast Asia, but, more significantly, the “derivatives” bubble at the core of the ongoing collapse of the planetary financial and monetary system, which continues to be the major element of financial, monetary, and economic destabilization planet-wide. Thus, in the

6. Lyndon H. LaRouche, Jr., “What Will Happen, If . . .,” *Executive Intelligence Review*, August 28, 1998.

7. On August 17, 1998, Russia’s Prime Minister Sergei Kiriyenko announced the enactment of emergency measures imposing capital and exchange controls upon the Russian economy. From that day onward, the hitherto hegemonic international political dogmas of “free trade” and “globalization” were effectively overthrown, and will never be re-established during a period of perhaps not less than a decade, perhaps a generation, perhaps never. There is no way in which “free trade” and “globalization” could be reimposed upon Russia (and other countries) without setting off an immediate *political* chain-reaction which would blow out the U.S. economy, and bring down the U.S. and other governments within a period as short as weeks. Thus, on August 17, an era of more than a quarter-century ended.

8. As emphasized immediately below, the present Russia crisis will blow out the set of 1989-1992 agreements which the governments of Britain, France, the U.S.A., and the Soviet Union shoved down the throats of Germany, Italy, former Communist Eastern Europe and the Soviet Union, agreements which have remained in force for Germany, Italy, Russia, and Ukraine, up to the present day.

9. For “Mitterrand’s terms,” see Helga Zepp LaRouche, “Germany’s Missed Historic Opportunity of 1989,” *Executive Intelligence Review*, August 14, 1998.



President Bill Clinton and the First Lady. The readers' deepest shock "comes as a reaction, not to the proposal that existing policies must be radically, and even quickly changed. The most profound shock is the result of their confrontation with the evidence, that the mind of both the President and most other citizens must now undergo, quickly, a radical change, away from what most of them had believed up to now."

current round of post-1989 Russia's chronic crisis, it was not the problem of Russia's known debt, which absolutely terrified Europe's bankers. It was the sudden discovery that an accumulation of more than \$100 billions of derivatives, "side-bets," had been issued, as international obligations, against the Russian debt; it was this threat to detonate the Japan-centered, global derivatives bubble, which scared the proverbial pants (and perhaps a few actual pants, too) off the world's leading bankers.

Since absolute clarity on these particular issues is crucial for understanding the present world situation as a whole, I restate the crucial points I have just made, as follows.

The reason the latest Russia crisis is so threatening, is the refusal of the U.S. and European supporters of Russia's Viktor Chernomyrdin, a leading original architect of Russia's present bankruptcy, to accept the fact that the so-called "Russia reforms" have now reached an absolute dead end. The backers of Chernomyrdin's re-nomination as Russia's Prime Minister,¹⁰ have stubbornly, foolishly refused to recognize the rele-

10. President Yeltsin had just previously dumped Viktor Chernomyrdin, in a purge of March 23, 1998. See *Executive Intelligence Review* April 3, 1998. On the role of U.S. Vice-President Al Gore, see Jonathan Broder, *Salon* magazine, Sept. 1, 1998. Through his father, former Senator Al Gore, and his father's sponsor, triply "designated personality" Armand (e.g., named as "Arm-and-Hammer," as in baking soda, or Socialist Labor Party) Hammer, Gore has close connections to the creation of Russia's present financier oli-

vance of the global conditions under which the most recent Russia crisis has erupted: the inevitable doom of a worldwide system of "free trade" and "globalization."

This threatened "crash" of the present Russian system, is most likely to be brought about through chain-reaction effects of today's persisting, hopeless bankruptcy of the majority of Japan's leading banks. Had Washington, for example, succeeded in bringing Japan to its senses, as Treasury Secretary Robert Rubin had proposed at the end of 1997, the kind of tactic of international "re-regulation" adopted by Russia Prime Minister Sergei Kiriyenko, on August 17th, would have enabled the partnership of the U.S., Germany, and Russia, to buy some amount of time for building genuine solutions for the Russia crisis. Moreover, had Japan reacted sanely to Rubin's warning, the political situation for President Clinton's dealing with today's Russia crisis, would have afforded Clinton greater freedom to make sane offers to Russia, rather than

garchy. Hammer, long a triple agent of the U.S.A., the British monarchy, and the Soviet apparatus, was a key connection to the faction of the late Yuri Andropov and Andropov's Hammer-linked protégé, Mikhail Gorbachev. The source featured by *Salon*, is Stephen Cohen, a specialist on the subject of one-time Soviet dictator N. Bukharin. Cohen et al., recognize that Gore's current Russia policies are a continuation of former President George Bush's; Cohen makes implicitly clear that he sees the onrushing doom of Chernomyrdin's policies as an echo of the downfall of the Soviet NEP, dictator Bukharin, and Bukharin's leading U.S. agent, Jay Lovestone, at the close of the 1930s.

the potentially fatal error of “staying on course” with the doomed reform.

While Prime Minister Kiriyenko’s measures, by themselves, would not have provided a solution for the crisis, they could have been used as an essential first step in the direction of seeking a remedy, had Clinton found the political courage to act boldly. It was the ouster of Kiriyenko, by those who preferred the Russian “finance oligarchy’s” Chernomyrdin, which made everything about Russia’s financial crisis terribly worse, more desperately critical *politically*.

We stress the crucial political point once again. It was the refusal of Japan to heed the continued advice of Secretary Rubin, and the refusal, by the pro-monetarist, utopia faction, inside the U.S.A. and Russia, to accept the measures announced by Prime Minister Kiriyenko, which made the present Russia crisis much more ominous than it need have become otherwise. Thus, the essential, strategic crisis of Russia today, is political, rather than simply financial; *the essential element of the corresponding, global political tragedy of the moment, is essentially psychological*.

All factors considered, in addressing the crisis in Russia, or anywhere else, the first and foremost fact to be faced, is this. The most fundamental of the continuing causes for the present world crisis is, that as long as the utopian factions in the U.S.A., as elsewhere, are able to obstruct and delay the indispensable immediate termination of presently established “free trade” and “globalization” policies, every action by the U.S.A. and other governments intended to continue those “free trade” and “globalization” policies, will tend to ensure that there will be no result from any proposed reforms of the present situation, but to make every terrible situation catastrophically worse.

That said, resume the principal line of argument in progress in this report: the psychological effect, especially upon the U.S. population, of the most recent developments in the global financial and monetary crisis.

The political shock itself

Now, turn our attention to the crucial political factor: the psychological shocks which the most recent developments have delivered to both leading political and financial circles, and to the populations more broadly.

Most of those *EIR* readers who have thus far reported their reactions to my report in the August 28 *EIR*, said that they had been shocked to read there, that the *only* options available to this planet, during the months ahead, are, either a return to a new world financial and monetary system echoing the pre-1958 Bretton Woods agreements, or a global form of “new dark age” echoing the nightmare now rampaging through sub-Saharan Africa. They stated, that they were shocked to read the evidence proving this fact, proof that a continued attempt to install a post-industrialized form of global utopia, would ensure a rapid descent of the world as a whole into a planet-wide “new dark age.” However, a signifi-

cant number among those readers emphasized, that even more shocking to them, was my warning, that the kind of policy symbolized by such utopian catch-phrases as “globalization” and “free-market,” is itself the policy of a planet hopelessly doomed to a virtually immediate, world-wide economic and political disintegration.

What shocked them the most, was not the simple fact that I showed why such utopian policies are doomed. Rather, it was the recognition that the doomed, now discredited utopian scheme represented every policy, which, up to that moment of reading, they themselves had been conditioned to consider as inevitable, unstoppable. The source of the greatest shock was, therefore, that the latter utopian belief had become an “unshakable opinion,” which most of them, themselves, like President Bill Clinton and his predecessors, had cultivated as so-called “realistic political thinking,” over a generation or even longer. The deepest shock comes as a reaction, not to the proposal that existing policies must be radically, and even quickly changed. The most profound shock is the result of their confrontation with the evidence, that the mind of both the President and most other citizens must now undergo, quickly, a radical change, away from what most of them had believed up to now.

Such was the implication of their confrontation with the reality, that the only real choices presently available, are between a return to the kind of nation-state system envisaged by U.S. President Franklin Roosevelt, and a global “new dark age.” In today’s real universe, there is no third way. That is the reality which underlies the causes for the growing turmoil in the minds of people, inside and outside the U.S.A., since the new outbreak of world-wide financial and monetary crises during the August 17-31 interval.¹¹

The point which must be emphasized, is that this shock was not caused by any event outside their own skins, not something they could view, “objectively,” at a distance from what goes on inside their own skins. The shock was not that the financial system had to be changed politically. The shock was, that they themselves could not survive, unless they, themselves, were changed, inside themselves. The shock was, that they must now face this reality *subjectively*. That defines the urgent function of the present report.

European civilization has already provided the political instrument needed to overcome this subjective crisis: great Classical tragedy.

On this point, every conscientious U.S. citizen must recognize that same principle of Classical tragedy emphasized

11. There was a related reaction even among a significant ration of the author’s close political collaborators. In these cases, even persons who had been intimately informed, for two decades or more, of the author’s forecasts of these developments, there was a psychologically lawful kind of flight from reality, away from the actual political situation, into the safety of a blinkered focus on one or more smaller, practical tasks available. The rule is: When the world becomes too big for comfort, find a sense of safety in shrinking your own mind!

by Aeschylus, Christopher Marlowe,¹² Shakespeare, and Friedrich Schiller.¹³ The purpose which the greatest such tragedians have served, in succession, in developing the notion of Classical tragedy, is their attempt to communicate to their audiences of typical citizens, an impassioned recognition of a fundamental principle which governs the shaping of actual history. The central underlying principle upon which the artful composition of all great Classical tragedies is based, is the principle cited by ancient Mencius, that *no hegemonic culture is ever destroyed by anything but, like Biblical Belshazzar's Babylon, its own lack of the moral fitness to survive.*¹⁴

Thus, Shakespeare's Hamlet, by refusing to abandon his accustomed ideology, doomed himself willfully to what he came to foresee as the bloody end of both himself and the kingdom of Denmark.

When one experiences a terribly perplexing sense of shock, of the type we are referencing here, the indispensable first step toward a fruitful peace of mind, is the victim's successful identification of the source of the personal inner tension which has prompted that sense of shock.¹⁵ Those who are

12. i.e., *Dr. Faustus*.

13. The importance of Aeschylus', Shakespeare's, and Schiller's Classical compositions is better grasped when we recognize that the complementary, Classical principle of comedy, as understood by Erasmus of Rotterdam, and practiced famously by both François Rabelais and Miguel Cervantes, has the same function as Classical tragedy. In Classical comedy, the fatal, pompous conceit of the fool is brought to most humiliating ridicule by the fool's own folly. So, Cervantes warned the aristocracy and people of Spain, that Spain was doomed for no reason but that the King and people of Spain had become a pack of fools. Few recognize the importance of Rabelais as an exponent of that Classical culture which France must recapture, still today. The essence of what fools misread as the mere ribaldry of Rabelais, is an appeal to the successors of great King Louis XI not to continue to behave as fools. One imagines Panurge in Hell, tormenting the evil François Mitterrand with ridicule.

14. Better to grasp the principle involved, imagine the silly effort of some modern, foolish playwright, to compose a drama in which Belshazzar's Babylon is saved from doom by aid of counsel from some ancient "balance of power" freak, like Henry A. Kissinger or Zbigniew Brzezinski. As students of ancient Mencius might remind us, no diplomatic or other cheap tricks can save a nation which has lost the moral fitness to survive. Nothing could save from doom a U.S.A. which adopted the "balance of power" policies of a Kissinger or Brzezinski.

15. As I emphasize later in this report, as in various earlier published locations, this matter of *identifying the source of the inner tension which has prompted a sense of shock*, is identical with the experience leading to the validatable discovery of a new physical principle. Faced with a perplexing, vicious paradox in the relevant scientific evidence, the first task of the prospective discovery of a new physical principle, is to identify, to locate the features of the problem which point to the origin of the paradox itself. In other words, to define the issue posed by that paradox. In other words, one must ask oneself, "What is the problem here?" It is at that point, that the paradox is transformed from an anxiety-ridden state of confusion, into a more or less well-focussed investigation. Gauss's work, in defining the focus of his attack on solving the orbit of Ceres (see Tennenbaum and Director, op cit.), is an excellent model of the way a sea of confusion is replaced by a well-organized choice of direction of search for the needed solution.

most likely to find the kind of peace of mind the present crisis requires, are to be met among those persons who have at least some degree of literate familiarity with Classical tragedy on stage.¹⁶ Indeed, the political importance of Classical tragedy on stage, is that, since Sophocles and Aeschylus, it was a form of art crafted to the purpose of providing living audiences the impassioned intellectual sources of insight, and renewed moral strength needed, to deal successfully with precisely the relevant type of shock, the shock which populations are now experiencing as a result of the present turns in the international financial and monetary crisis.¹⁷

Take three cases from Classical tragedy as illustration of the point. We take these cases in the following order. First, the most familiar case, that of Hamlet's Third Act soliloquy, "To be, or not to be." Second, what playwright Friedrich Schiller identified as the crucial folly of Rodrigo, Marquis of Posa, in Schiller's *Don Carlos*. Finally, the role of Prometheus in Aeschylus' *Prometheus Bound*.

In Hamlet's soliloquy, he restates that moral crisis within himself, which had been the theme of his soliloquy¹⁸ in the close of the Second Act. In the Third Act, he reflects upon two choices. The first, is his customary behavior and belief (like the behavior and belief of present-day utopians), which he has recognized as leading toward his self-destruction; the second, he rejects, as "impractical," as a journey into the unfamiliar, "a bourn from which no traveller has returned." Having made his choice, Hamlet proceeds willfully, to bring about his own doom. *There, in that paradox, that metaphor, lies the source of the shock, the passion evoked by that soliloquy!*¹⁹ The intelligent member of that audience, who

16. The most obvious musical examples of the same political principle of Classical poetry and drama, are Giuseppe Verdi's settings of the tragedies from Shakespeare and Schiller, and also Mozart's *Don Giovanni*. An additional Mozart contribution should be included: Mozart's treatment of the part played by the "Queen of the Night" in his *The Magic Flute (Die Zauberflöte)*, a theme which, it must be emphasized, is direct from the Classical Greek case of "Orestes." This Orestes theme, featuring the role of Athena in civilizing the "Furies," was recently elaborated in a *Dichterpflänzchen* presentation by Rosa Tennenbaum.

17. This function of the compositions of Sophocles and Aeschylus, especially Aeschylus, is shown by examining the way in which Aeschylus, for example, addresses the paradoxical barbarities posed within the Homeric epics. This is made clearer when that relationship between the great Greek tragedians and Homeric epics is cross-gridded with two other crucial points of reference: the great poem of Solon of Athens and the dialogues of Plato. It is this quality in the best work of Classical Greece, not accidents of geography, which, to this day, defines any rational approach to the history of European civilization as Schiller did, as rooted in the overcoming of the early Greek's own barbarism by the authors of the greatest Classical works, from Solon through Plato.

18. "O, what a rogue . . . am I . . ."

19. Those with at least a rudimentary grounding in mathematical physics, will profit from comparing the notion of "shock," as we reference the paradox of Hamlet's soliloquy, to the notion of the principled way in which acoustical, trans-sonic shock-waves are generated, according to Bernhard Riemann's paper on "The Propagation of Plane Air Waves of Finite Ampli-

has sensed the possibility of the same choice of folly within himself, proceeds from knowledgeable recognition of *that fatal passion*, to fight against that fatal emotion, and, thus, in relevant later moments of real life, to avoid the doom inhering in succumbing to errors like that of Hamlet.

In Schiller's *Don Carlos*, Schiller proceeds from his insight as the leading historian of his time, from the precise, actual-historical circumstances which had prompted Spain's real-life, self-doomed King Philip, to unleash the hecatombs of religious war upon the Netherlands. Schiller elaborates that real-life tragedy of Spain and the Netherlands, by crafting three potential heroes as the central figures of the stage to appear in that drama. The only true hero, the heroine, is the Queen, Elizabeth, whose conception and counsel are clear, but those whom she would have influenced failed, fatally, to heed her counsel. The second, fatally failed hero, is Rodrigo, who has a clear conception of the alternative which Spain must choose to avoid religious warfare; however, Rodrigo is trapped by his own vanity, in betraying both his cause and his ally of the moment, the third hero, Don Carlos. As Schiller comments on his writing of the drama, Rodrigo is diverted from the cause he himself had earlier, correctly defined, diverted by his egocentric lust for holding to what he believed he had recently secured as a position of trusted advisor to a debased King Philip.²⁰

In the play, this misconduct by Rodrigo dooms all the protagonists, including, off stage, in real life, the historic, real-life people of both Spain and the Netherlands; all, dramatic characters and real people off stage, alike, are doomed to share a common ruin and depravity, in the unquenched, maddening slaughter which ensued in real history, as on Schiller's stage. It is artistic compositions which achieve such conceptual congruence between art and actual history, as Schiller achieved this in his *Don Carlos*, which represent the highest, and most indispensable level of human culture.

Don Carlos is an example of the policy which governed Schiller's approach to, and motive for composition of stage-tragedy: to use the awfulness of the tragic failure on stage, to fill the audiences emerging from the theater with the joy of

tude," Bernhard Riemann, *Über die Fortpflanzung ebener Luftwellen von endlicher Schwingungsweite*, *Bernhard Riemanns Gesammelte Mathematische Werke*, H. Weber, ed. (New York: Dover Publications reprint, 1953). Note that Riemann's prediction of shock waves generated by successful trans-sonic flight of accelerated projectiles has a correlative in such fields as thermonuclear fusion, where the same principle appears under the rubric of isentropic compression. This is also, more fundamentally, an elementary characteristic of the human mind; the processes of cognition are characterized by shock-wave-like solutions to those paradoxes otherwise known as metaphor. This principle of cognition, is also the fundamental principle underlying the generation of multiply-connected manifolds of the Gauss-Riemann type.

20. See, Lyndon H. LaRouche, Jr., "The Substance of Morality," *Executive Intelligence Review*, June 26, 1998, note 37, p. 30.

knowing that they had become better people leaving the theater, than had entered it before. When we are gripped, perhaps by help of such a work of Classical art, by that deep anxiety and shock, which comes only in that moment we recognize the terrible situation to which our own habituated follies have led us, we have increased power to deal with the problems of life, and increased joy in being alive.

If we can see clearly, within ourselves, that passion which, still unchecked, will surely doom us and our society, the fact that we can see that passion itself so, and can resolve to defeat it, gives our mind a great serenity, the confidence of knowing we are committed to the right cause. In that more fortunate state of mind, we are committed to discovering the right thing to do, to avert that doom which the unchecked fatal passion might bring upon our society. We can risk our lives for such a cause, because we know we have thus secured for our souls a just place in the simultaneity of eternity.

Aeschylus' Prometheus is the consummate antithesis of Classical tragedy's failed heroes. In the drama's simultaneity of eternity, Prometheus, a god who can not be killed, and the defender of mankind against the evil Zeus, is taken captive, and condemned by Zeus to immortal torment. Arch-oligarch Zeus's price for freeing his victim, is that Prometheus must reveal to Zeus the way in which Zeus will bring about the destruction of both himself and the wicked oligarchy of Olympus generally. Rather than give Zeus the information by means of which Zeus's power might survive indefinitely, Prometheus, to save mankind from the status of being forever doomed dumb human cattle, willingly chooses paying the price of immortal torment, as penalty for his own silence. That is not a tragedy of Prometheus, but, rather, the story of the tragic folly of the self-doomed Satan, oligarch Zeus. That is the most powerful image which could be chosen as real-life subject for the dramatic stage.

In fact, what is being acted out before us, in our real world today, is the final act of Aeschylus' *Prometheus* trilogy, the death-agony of Zeus's Olympus. That, in fact, is the key to understanding and mastering these troubled times.

So, it is with the mind's eye of the greatest Classical tragedians, that the Russia tragedy and its implications must be viewed. Only in that approach, is the leading political figure, or the ordinary citizen, likely to find that serenity of mind which civilization's survival in the present situation demands of us all.

A doomed political class

Between the new outbreak of the Russia crisis, as announced by since-ousted Russian Prime Minister Kiriyenko, on August 17th, and the major new New York Stock Exchange panic, of August 31, the early doom of the presently collapsing, utopian system of "free market" and "globalization" shibboleths, has been pronounced "as good as dead" by a rapidly increasing number of leading bankers and financial

press.²¹ The shock of this reality has hit sundry influential strata in varying ways.

There have been two leading polarities of reaction to this outbreak.

On the one side, there is a well-informed view typified by an increasing number of representatives of traditional banking and related economic functions. These are persons who have reacted to the combination of the Japan and Russia crises by words to the effect: "Whether we like it or not, the world will not survive unless we now eliminate the present policies of 'free trade' and 'globalization,' and return to reliance upon the institutions of the sovereign nation-state, and to the forms of regulation which may be recalled from pre-1958 experience."

On the opposing side, there is what is fairly contrasted to such banking circles, as "the presently ruling, doomed majority of today's reigning political class." The phenomenon of the "Third Way" is a typical symptom of the onrushing doom of the presently ruling political class.

In former times, the very suggestion of a "Third Way" tactic as a policy, would have been widely rejected. The policies of a Tony Blair, neo-Jacobin Newt Gingrich, or "Dick" Morris, would have been regarded, rightly, as a symptom of their advocate's unspeakable moral and intellectual decadence. Now, or then, it is properly seen as an idea, like the philosophy of the Marquis de Sade, too immoral, or, on other grounds, perhaps simply too absurd to be tolerated.

I, for one, remember a world from what might seem to many a long time ago, before 1971. It was a time when the world was still being managed mostly by relatively saner governments. At that time, the most influential notion of what U.S. political life must be, was of a process of interaction among the relatively independent, semi-autonomous "interest groups" of which the majority of the citizenry was composed. Farmers, industrialists, labor, and the more influential learned professions, were typical constituents, as were the so-called "ethnic" or "minority" interests. These ancient foundations of civilized political life, have been chiefly supplanted by the kinds of obscenities we encounter among Speaker Newt Gingrich's "Third Wave" klaverns or a "New Democrat" faction whose differences with Gingrich's

21. e.g., Patricio Ricketts, "Russia Says Goodbye to Adam Smith," in the Peruvian magazine *Sí*, Aug. 31; *Neue Zürcher Zeitung*, lead economic editorial, "Monetary Policy Out of the Poison Cabinet," Aug. 26; MIT economist Paul Krugman wrote in the Sept. 7 issue of *Fortune*, that "Plan A," i.e., backing the International Monetary Fund, has not worked, and it's time for Asia to adopt exchange controls; Dan Atkinson, "Roosevelt's New Deal Would Be the Right Medicine for Today," London *Guardian*, Aug. 31; Brazil's *O Estado de São Paulo*, editorial "Hong Kong's Warning," Aug. 25; Walter Meade, senior fellow at the New York Council on Foreign Relations, *Los Angeles Times*, Aug. 23, "Forget suicide car bombers and Afghan fanatics. It's the financial markets . . . that pose the biggest immediate threat to world peace"; *Wall Street Journal*, Aug. 24, "The financial firestorm that has been scorching economies around the globe is intensifying into one the world's worst . . ." (See *EIR*, Sept. 4, p. 6; Sept. 11, p. 23.)

collation have lately become increasingly difficult to locate.

Instead of the real, mass-based political parties of the pre-1971-1976 interval, U.S. political parties have degenerated into parodies of kept women. They have been transformed, step by step, from instruments of political representation, into echoes of the worst sort of political party formations known from the history of Europe since ancient Rome's politics of bread and circuses. Typified by the corrupting influence of the National Endowment for Democracy (NED), they have degenerated into mere political fronts for the oligarchy-controlled institutions of governmental bureaucracies.

This political change is typified by the symbiosis of Wall Street "chaos theory" junkies with Wall Street hegemony over the financing and mass media propaganda-support needed to conduct successful election-campaigns, both combined with the permanent bureaucracy of the U.S. Department of Justice, all combined with the Federal Reserve System, and all combined with the leading globalized, and chiefly morally debased "mass news and entertainment media" of the U.S. and other nations. This is a combination which has largely displaced the former function of mass-constituency-based politics from the national political life of the U.S.A., and of relevant other nations. This kind of miscreant has emerged as most typical of the presently ruling political class.

Perhaps the most disgusting example of this among nations more or less familiar to most of us, is what France degenerated into becoming under the satanic figure of its President François Mitterrand. Post-Bonaparte France was already notorious for its role as Europe's leading police-state, and its related tendency toward sheer bureaucratic brutality. In France's worst features on this account, we encounter, too often, the existentialist's quality of tendencies toward indifference to principles of truth or justice, its amoral propensities for bureaucratic tyranny. This Bonapartist, bureaucratic legacy, combined with the devilish immorality of Mitterrand and what he has represented, has engendered, today, an abomination which prompts neighboring states to shudder in disgust at the mere name of Mitterrand's and Chirac's Paris.

What Britain's Prince Philip and his "Transparency International" bandits have done to the political institutions of Italy, through his post-1991, captive "Clean Hands" thugery, is another example of the way in which the modern state has degenerated under the influence of the recent decades' utopian rampage. Symptoms differ, as diseases adapt their corrupting influences to the constitutions of their prey.

Thus, in today's world, where actual industry has been reduced to an impoverished and looted relic of a more prosperous, abandoned age of agro-industrial progress, political power has become concentrated in a most unwholesome entanglement of links among governmental bureaucracies, major factions of political parties, and leading mass-media interests. This unwholesome collation, has coalesced into a single, tightly entwined commonality, a depraved union aptly described, with sexual innuendoes, as a slithering mass of poly-

morphous perversity. The U.S. establishment of a British-designed U.S. concoction, the National Endowment for Democracy (NED), only best typifies this recent subversion and degradation of our political processes.

The symbiosis of the Chaos faction within the British Commonwealth oligarchy (e.g., Prince Philip and the Murdoch-Hollinger press mess) with the right-wing, “New Democrats’” and U.S. Justice Department’s targeting of U.S. President Clinton, is an example of those polymorphous perversities which have virtually enslaved our citizenry to tyrannical rule by such post-modernist extremes in political corruption as the NED.²²

Until the present moment, throughout what is termed euphemistically today’s “European civilization,” hysterical defense of the current modes and policies adopted by such polymorphous perversities, prevails among the top-ranking agencies of the political class, especially the mass “news and entertainment media.” Now, some recent developments of this Spring and Summer have shaken the power of that political class as it has not been challenged so in more than a decade. Under the impact of the new global financial and related shocks on the way, major changes, qualitative changes, are to be expected during the weeks to come.

Thus, until the present moment, throughout western Europe, as in the U.S.A., the prevailing political commitment of leading politicians and major press has remained an hysterical determination to defend “free trade” and “globalization,” however painful or cruel the penalties and risks of doing so. This has continued as the prevailing posture of leading political circles in those countries, even after the Russia debacle of August 17th. This has continued, so, despite the fact, that relevant banking circles, and official spokesmen of some leading banking institutions in Europe, are beating the drums for scrapping “free trade” and “globalization,” for a return to “re-regulation,” as the only sane alternative: for restoring the authority and role of the sovereign nation-state, instituting capital and exchange controls, and so on.

Yet, although the leading political circles still deploy a ferocious, if rear-guard resistance against all efforts to introduce sanity to the *public* discussion of the present international crises, the voice of the saner bankers, and others, is leaking into relevant sections of not only the financial press, but spills over, if usually in an awkward way, into some of the leading mass media. Utopia is doomed; new, pro-nation-state policies are now in the making.

There are two levels to this most recent pattern of change,

22. The polymorphously intertwined Lord William Rees-Mogg, Rees-Mogg’s association of his political commitments with the “Third Wave” cult of Alvin Toffler and Newt Gingrich, the Hollinger Corporation’s London *Daily Telegraph*, and the network of “Get Clintonites” spewed from Mellon Scaife to the clique behind Kenneth Starr, exemplify the reach of Prince Philip’s “Chaos faction” into the U.S.A., as distinct from the doomed relics of present-day liberal utopianism.

as displayed during the August 17-31 interval. There is, on the one side, the impact of straightforward considerations of perceived reality. There is, also, what must have been viewed at first as a more subtle, but ultimately more powerful feature, the pattern of the recently ongoing, new cultural paradigm-shift. Before focussing upon the latter, our principal topic in this report, we summarize the general situation among the three factions representing, respecting, the three strategic options addressed in the August 28 *EIR* report. For *EIR* readers, what we say in the following few explanatory paragraphs is not new; but, it is necessary to summarize the point once more, here, for the benefit of those who are not already familiar with the argument.

First of all, as any old-fashioned top industrial banker might recognize, the doom of the present international financial and monetary system in its present form, is immediate and inevitable. Unlike the virtual idiot-savants who have been running, and ruining, the financial trading sections from their handheld electronic calculators, the world’s leading old-fashioned bankers may often be very wicked, but, unlike the trading pit’s current generation of young zero-sum hyenas, they were competent at what they did. For such bankers and related professionals, the evidence now in hand is overwhelming. This convinces such a banker, in opposition to the typical spokesmen of today’s decadent political class, that it is past time to clean out, and fumigate the trading-pit, and, perhaps, get back into the play himself. He is readily persuaded, from his recent experience, that the only way to save the world from a plunge into Hell, is to act immediately to eliminate the existing fad of “free trade” and “globalization.”

On that first account, the leading practical question is, whether relevant governments are willing to scrap that system in time to avoid an otherwise inevitable plunge of the entire planet into a “dark age” chaos.

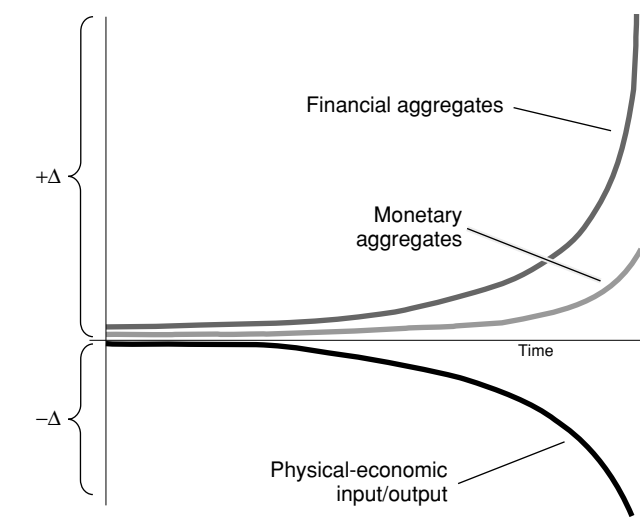
On the second account, since the 1987 U.S. stock-exchange panic, the sundry ruling lunatics of the world, including Margaret Thatcher, the late François Mitterrand, and George Bush’s crew, have been monkeying with the international financial system, in the effort to keep aloft a doomed world system which was already rotten and ripe for collapse during the mid-1980s.

From such 1982 measures as the U.S. Garn-St Germain and Kemp-Roth follies, through the patch-work changes improvised following the 1987 U.S. stock-exchange panic, all of the supposed “miracle cures” which these authorities alleged they had discovered, were based upon the very same delusion used to create the failed John Law-style bubbles of the early Eighteenth Century.

However the new version of the scheme was tailored, the method used never varied. Use political power to loot both government and private interests. Shut down and sell off entire large chunks of production, gouge wages, replace wage-labor by actual (prison labor) or virtual slave-labor (as by NAFTA), loot pensions, loot insurance stocks, all to turn the

FIGURE 1

A typical collapse function



liquidation of assets into nominal one-time income. Use the mechanism of price-earnings ratios to turn that financial pirate's booty into a financial capital asset several times greater in price than the amount stolen. To make this earning-price conversion "work," pump various kinds of money or near-money into the market for these fictitious financial assets, thus creating a vast hyper-inflationary bubble, many times greater than the gross domestic product of all of the world's nations combined.

My "Triple Curve" [Figure 1] describes the *inevitable* result of all such improvisations since 1971. What has been *inevitable* since 1987, is now the present moment of history; the dead end has been reached. The "free trade" and "globalization" games of the utopians have reached the end of the proverbial trolley-line; the *Titanic* is about to plunge beneath the surface. For the sane citizen, it is time to get off; for the fanatically self-deluded utopians, there is no place to go. For these utopians, there exist no further options for continuing their "free trade" system of looting the world's widows and orphans.

All this could have been easily calculated in advance. In fact, I did forecast it, and my forecasts were spread into every relevant leading political and financial center around the world. I gained the position of the world's most accurate forecaster as a result, first in August 1971, again during 1979-1983, but especially over the course of the 1987-1998 interval.

Among economists and government policy-shapers, my opponents preferred not to make actually serious kinds of calculations, at least not publicly. Such opponents of mine lied, a lot; they usually lied in everything they said about the state of the economy, and the results of the policies they were peddling at the moment. To others, they lied freely, wildly;

but, the worst lies were those these ideologues told to themselves.

The validity of my past forecasts is easily demonstrated, and has been actually demonstrated repeatedly. No contrary, honest calculations were ever possible. Calculation would only have shown my opponents the same result which I had warned was inevitable. They did not wish to know the truth; they preferred to enjoy the luxury of looting until the inevitable date of doom for their system had arrived. It would have spoiled their game, demolished their ill-founded self-confidence, to acknowledge the reality ahead. For them, the scorned inevitable has now arrived; the legendary monkey's paw is now knocking at their door.

Now, calculations are no longer needed to calculate the signs of doom written on every wall. The traders' handheld calculators have set themselves on "self-destruct." The old sadistic bitch, Fortuna, leers her pleasure in contemplating the doom and suffering of the unfortunate men she has turned into swine. The system based upon the utopian ideologies of "free trade" and "globalization" is simply, unavoidably, and inevitably finished; no rational, reasonably intelligent person will continue to support such obviously failed, utopian policies. Unfortunately, there are still a lot of Circe's irrational victims running loose, and not all of them are "New Democrats."

In such a fix, as America's Ogden Nash once wrote, those who had committed themselves politically or financially to seeking fertile satisfaction between the utopian "plated decks" of "free trade" and "globalization," have only two remaining choices for their pleasure. Either join Prince Philip's Chaos faction (if he and his cronies, such as George Soros, will take you into their club), or change allegiances fundamentally, back to the tradition of Franklin Roosevelt, Konrad Adenauer, and Charles de Gaulle.

So, each day now, more confessed former supporters of the "free trade" faction, are apologizing to the former friends whose cause they are now betraying: "We had to do it; I am just doing my job." These relatively more intelligent people may express their politely gentle regrets at being obliged to jump over into the camp of pre-1958-style "re-regulation" of finance, monetary affairs, and international trade; but, nonetheless, the simple fact of the matter is, that they are acting strictly according to customary ethical standards: deserting their former friends of the doomed utopian faction, as those same friends have, in similar earlier situations, and according to the same standards of ethics, customarily betrayed them; "We admit that you made your contributions in the past, but the time has come to make some improvements. It is time for us all to move on."

These changes now come in increasingly large proportions. "The smart ones are now getting out while the getting is good." Thus, in what are often admittedly sordid, and also other ways, the historical process unfolds. Such are the complexities of the unfolding of a process through which radically new global policies are now put into the making.

How society works, or doesn't

A wise senior flag officer, commenting upon my report in the August 28 *EIR*, made the point. When a new war erupts, most of the senior officers show themselves incapable of responding effectively to the new situation. That remark has been made, often, by military professionals commenting upon the somewhat analogous circumstances of earlier generations and centuries.²³ The passage of time, and recent decades' deterioration in quality of education and experience of upcoming senior ranks, has made that oft-repeated aphorism not less appropriate today.

Major crises, like the nest of present, intricately interrelated, global financial and political crises, signify that the habits of thought engrained during the decades preceding the new crisis, defined most among today's leading figures, for example, as so much contaminated by the bad habits of the society which had caused, or allowed the crisis, that most of those senior figures have been unable to adapt themselves successfully, subjectively, to the new realities which the crisis had defined.²⁴

23. For example, the same observation was made, typically, by a dear, since deceased friend, France's General G. Revault d'Allonnes, during a seminar of senior military professionals from several European nations, which I convened in Germany during the mid-1980s. General Revault d'Allonnes referred to an incident, which occurred in Germany during the immediate post-war years, as he described the incident, when he had been a "mere colonel," seated at the lowest ranking position of the table among a group of French flag officers. In response to the question, "What is the first action we must take in the case of the outbreak of war?," then-Colonel Revault d'Allonnes had created a sudden silence with his hubristic "fire all the generals." In the history of France, the outstanding example of the merit of such sudden changes in composition of command, is that of the brilliant success of the leadership provided by France's Lazare Carnot, during his own, most eminently successful, 1792-1794 occupancy of the position of commander of France's military forces. The case of Carnot is the best illustration of the positive principle lending authority to the referenced remarks of Revault d'Allonnes. For the military history of Germany, the great Scharnhorst is the outstanding positive example, with "old" Moltke a close second. In Twentieth-Century U.S. military history, the case of General Douglas MacArthur's Pacific command during World War II, is the model for new generals to match today. In Nineteenth-Century U.S. history, the prime example is President Lincoln's passing the command to a General Ulysses Grant greatly aided by the military genius of General William Tecumseh Sherman.

24. The relevant use of the term "worse," in connection with today's U.S.A. and other nations' senior military ranks more recently, or currently in service, emphasizes the impact of return of military policy to a kind of decadence modelled upon Eighteenth-Century "cabinet warfare," during the decades following the combined effects of U.S. President Truman's unjustified nuclear bombing of Japan and Winston Churchill dupe Truman's later ouster of General of the Armies Douglas MacArthur. Typical of the problem, are those military and related professionals who presumed, mistakenly, that "SDI," as initially described by President Ronald Reagan, was a weapons system, rather than a Classical strategy in the sense "strategy" was understood and practiced by such as Lazare Carnot, Scharnhorst, the U.S.A.'s John Quincy Adams, or the German General Staff under, for example, the celebrated Graf von Schlieffen. The legacy of the influence of the Swiss Jomini, and Jomini's pernicious influence on the education of the U.S. military professionals, is a prime example of the sort of disorientation which must be rooted out at the approach of a new war.

The relevant fundamentals of strategy are restated here, as follows.

Unlike the human species, species and varieties of animals interact with nature, including other species, according to an ostensibly "genetically" fixed set of axiomatic rules of behavior. Unlike animals, human beings have the means to choose, to overrule any supposed "genetic" predetermination of their culture, and to change the axiomatic rules which govern their behavior. It is such choices of axioms which determine both man's relative success or failure in mastering the universe about us, and which determine the way in which the members of society interact with one another. For human beings, the crucial question is, whether or not they can react to failures in their old patterns of behavior, with the alternative of creating new conditions, that by means of appropriate, successful choices in new sets of adopted axioms governing human conduct.

Thus, old generals, too much attached to the apparently successful, narrowly defined set of habits which they have been conditioned to adopt as "natural," or, "practical," during a past period, often fail to respond effectively to a radically new set of circumstances.

The exemplary expression of this challenge, is the way in which members of society respond to successive shocks of crisis, either by making successful, sudden, radical changes in axioms of behavior in response to crises, or failing to do so. The ability to choose and to make such changes successfully, and to make such changes with appropriate confidence, or to fail to do so, is the pivot upon which the survival or doom of entire cultures often turns. These are the issues often brought most clearly, and painfully, to the surface of great events, under conditions of general war-fighting, or kindred forms of strategic crises.

The relevant, crucial point of competent qualities of strategic thinking, is, that, while the physical survival of cultures depends upon society's physical interaction with the universe around it, *the question, whether a society will choose a successful form of radically new interaction, or not, is not an objective, but a subjective question.* That is the issue which must become the center of attention for any crisis-ridden culture, faced with a breakdown in its previously established mode of survival. That is the issue which we address here. Look at the causes for the present series of cultural shocks from that vantage-point.

After we have considered what modern European civilization had accomplished earlier, until the recent decades' accelerating decay of our culture, we must face the fact, that what has come to pass, recently, respecting the standard for defining "educated persons," today, is worse than a great disappointment; it is, substantially, a terrible fraud. During all of this present century, to date, the most conspicuous expression of this decadence among so-called "educated persons," has been an accelerating rate of moral and intellectual degeneration in such departments of university and secondary educa-

tion as literature, music, plastic art-forms, and the so-called “social sciences.”

Until about thirty years ago, despite that century-long trend, the modern physical-economic progress associated with science and technology, combined with vast improvements in public sanitation and other basic economic infrastructure, and in the demographic characteristics of households, was awesome, when compared with the vastly inferior performance of all known cultures from ancient and medieval times.

Admittedly, even during the ruinous, most recent decades, some commendable, if relatively feeble steps of technological and related progress, have occurred in the proverbial domains of “here and there.” Such scattered recent exceptions to the prevailing, downward trend, have, admittedly, occurred, despite three decades of overall net reversal of former tendencies for economic growth; but overall, civilization has been in decline, and, up to now, if we put the case of China to one side, the planet has been going backwards at a generally accelerating rate.

The former technological and related progress of our civilization, especially modern European civilization, was real; but, apart from those qualities, an essential added requirement was usually either lacking, or poorly expressed. Most notably, as we noted here a moment ago, in the fields of the arts, literature, and the so-called “social sciences,” our culture has been degenerating, overall, and more or less consistently, throughout the present century to date. During the latter time, each new generation’s elites, in particular, have been, on the average, less intelligent, less literate, less rational, less sane, than those of the predecessor generations. This judgment is not a mere matter of cultural “preferences,” of mere personal “opinion;” the possibility of the survival of civilization depends upon recognizing the clear evidence of that decadence, and reversing this decay in very specific respects. That crucial task is our subject here.

So, we today have been living in the decadence of a dying culture, a culture which has been dying by objective, physical-economic standards of performance, a culture which has also been dying in terms of its subjective qualities, the shrinking of the ability of its elites, and populations generally, to think and behave rationally. That has been the case, pretty much world-wide, for more than two decades.²⁵ This has been most

25. For example: The so-called “Brandt reforms” in education, in Germany, have resulted in a state of affairs in which Germans from the period of the pre-Brandt-reform Classical-humanist education of the 1960s, are, functionally speaking, almost a superior species to those younger Germans who have been victims of the Brandt-reform and related trends in educational and related cultural policies. A less dramatic, but otherwise comparable case, is the profound collapse of the quality of education in the north of the Commonwealth of Virginia, U.S.A., relative to the standard of practice during as recent a time as the early to middle 1980s. Under the influence of current trends of “politically correct” policies in universities and public schools, today’s typical university graduate is usually not only a functional illiterate in matters of common skills, but seldom capable of sustaining rational forms of intellectual behavior under even relatively slight stress.

emphatically the case, since the time of the U.S. Carter Administration’s policy of massive, deliberate reversal of human progress in all spheres of physical, political-economic, moral, and cultural deliberation. It is that trend of the recent decades, the which has brought the world’s civilization to the present brink of collapse.

It is the convergence upon that limit of civilization’s folly of recent decades, like the convergence of an accelerating airborne projectile upon trans-sonic velocities, which has produced the recent succession of shocks threatening the immediate extermination of the present civilization. We shall not survive these shocks, unless we are able, now, to suddenly eradicate those habituated habits of belief, those attitudes, which have misshaped the world’s most popular and other leading economic and cultural developments of the recent three decades.

It is that process, that approximately three decades of cultural retrogression, cultural decay, which has created the political and social preconditions for the series of shocks now threatening the continued existence of our failed civilization. It is from that vantage-point, that we must define the new, radical changes in outlook and culture, needed to rescue our civilization from the doom immediately threatening the planet as a whole.

Our adopted task for this report, has been to use the principles of Classical tragedy as the crucial, *subjective* standpoint, from which to define both the subjective problem before us, and the nature of the required solution. As we approach the concluding phase of this report, we must now define more exactly the relevant distinction the reader must make, between “objective” and “subjective” determinants of the physical-economic success, or doom of cultures.

To define “objective,” put the emphasis upon economics. Throw aside all of those notions of “economics,” or “political economy,” which, until now, have become generally accepted and taught in universities, and among most of today’s professionals, members of Congress, and the mass media. Define “economy” from the only sane standpoint available, as the definition established through the successive work of the European cameralists of the Seventeenth and Eighteenth Centuries, by the founder of economic science, Gottfried Leibniz, and associated with the Franklin-Hamilton-Carey-List “American System of political-economy.”

Objectively, economic science assumes the outward form of mathematical physics, by measuring changes in output in relevant physical, rather than monetary terms. Competence in this field limits itself to measuring the *physical*, not monetary output, in terms of per-capita of labor-force, per-capita of household populations, and per square kilometer of the relevant portions of the Earth’s surface-area.

Two additional features of this physical measurement are required, for defining relative economic performance.

First, we must compare the per-capita and per-square-kilometer output of society, with the physical costs of those allocations needed to maintain the social potential for main-

taining such, or better rates of output. These allocations include the relevant maintenance and improvements in basic economic infrastructure, of the territory of the society in its entirety. These include the portion of physical output which must be allotted to maintaining and increasing the productive powers of labor through capital-intensive, power-intensive modes of productive, and other essential activity. These include, similarly, the physical costs of maintaining the productive potential of the members of households, including the physical costs of maintaining and developing the required quality of educational system, and supporting those Classical modes of cultural activities needed to maintain the relevant intellectual and moral qualities of the population in general.

Second, we must define “productivity” itself in these physical terms: the ratio of total physical output, to physical, not monetary, costs of all required inputs. This productivity must increase, per capita and per square kilometer, despite the relative rise in absolute physical costs of combined “market baskets” needed to foster such increases in productivity. In other words, we must measure the physical performance of economies in physical terms cohering with the biological notion of *anti-entropy*, cohering with the notion of that ordering of both all living and cognitive processes, the which sets living and thinking beings absolutely outside the *entropic* ordering deemed characteristic of non-living processes as particular processes.

In consequence, the effective practice of the science of economy, has situated considerations such as quality and content of education, and the fostering of generalized scientific and technological progress, as typical of the indispensable components of that society’s total bill of consumption, needed for effective economic performance by societies taken as wholes. The efficient *function* of these types of components can not be measured in explicitly physical terms. Rather, we measure the functional determination of these physical effects only indirectly, in the sense these effects are associated with rations of the composition of the functionally necessary activities of households or the population as a whole, and as they are associated with the incurred physical costs needed to sustain such types of activity. Nonetheless, despite that point of formal difficulty, to the extent that such programs of education and science can be defined in terms of allocations of effort and physical resources, these considerations can be treated as if they were *objective*, i.e., *physical*, features of economic policy and policy-shaping.

To quote our friend Will Shakespeare, “There’s the rub.” None of these ostensibly *objective* policies and related considerations, actually work as they are usually described as working. They do not work without the addition of something entirely outside what ordinary opinion regards as *objective*. At this point, the *subjective* shows itself to be the ultimate determinant of the success or failure of all systems, all economic and related kinds of so-called “objective” policies and programs. Here, the absolute difference, the *subjective* factor,

which places the human species apart from, and above the beasts, shows itself most forcefully.

The substance of this subjective factor, is a quality whose existence was denied by modern Aristotelean Immanuel Kant, the quality named cognition. Without the efficient role of cognition, in determining whether ostensibly “objective” forms of activity lead to entropy or anti-entropy, civilized forms of human existence were impossible.²⁶ Without the continued subordination of so-called “objective” forms of economic and related activity to the “subjective factor” of cognition, as we define cognition here (for example), any society would degenerate and disintegrate, falling into some form of “new dark age.”

This brings the reader — Bang! — into the middle of a most distressing, most shocking kind of intellectual and moral difficulty, a veritable intellectual quicksand from which no Aristotelean, such as Immanuel Kant, or other formalist, has ever successfully escaped. How do we reconcile the *objective efficiency* of an ostensibly “non-objective” activity, cognition, with the fact that cognition, as we have situated it here, is functionally, an integral, controlling, even dominant feature of what ordinary opinion regards as “physical processes.” As Will said, “There’s the rub.” On this account, an example from the domain of modern physics should prove helpful, perhaps indispensable.

Wilhelm Weber and ‘strong forces’

Some, perhaps many readers, will experience difficulties in following closely some portions of what I have to report in the course of the following paragraphs. Those readers should not be put off by the apparent difficulty. In serious statement of any important case, we are often morally obliged to put on the record all essential evidence bearing on the argument to be made, whether or not each such point were likely to be readily understood. Among arguments submitted to reasonable and honest men and women, the acknowledgement of the existence of mysteries yet to be solved, is not only allowed, but required; willfully *hidden* mysteries are frauds,²⁷ which are never to be allowed. We will not foster any hidden mysteries in what we have to report. It will be sufficient for our purposes, if the reader gets no more than the gist of the matter presented in the several more difficult among these few para-

26. Without the developments associated with Classical Greek culture, as such developments are typified by the work of Solon of Athens, Aeschylus, and Plato, society could not have risen above the barbaric level stubbornly maintained by, for example, both ancient Rome and European feudalism, in which over ninety-five percent of the population was kept in the degraded state of dumbed-down human cattle, virtual Yahoos out of the pages of Jonathan Swift’s *Gulliver’s Travels*.

27. For example, the fraud of *petitio principii*, used to defend the proposition that the mathematical physical universe is linear in the infinitesimally small, a falsehood which was perpetrated by the Berlin Academy’s Leonhard Euler, in evading the fact that the theorem he claimed to have proven, against Leibniz, was already an axiom within the choice of geometry he employed for constructing his fraudulent claim of proof.

graphs. The importance of including these indicated few paragraphs at this point, will certainly be clear enough.

As I summarized the same point in a preceding report,²⁸ a popular delusion shared by most science undergraduate students, textbooks, and others, teaches that the laws of the physical universe are formally consistent with nothing different than the mechanistic teachings of such empiricists and positivists as Isaac Newton, Leonhard Euler, Augustin Cauchy, Lord Kelvin, Ernst Mach, Bertrand Russell, et al. Contrary to that popular delusion, the universe demonstrates that there is not one, but, rather, four principal known kinds of mutually exclusive ordering, which must be viewed, in their interacting combinations, as governing what we must actually perceive as “cause and effect.” Only one of these four types or ordering, which may be recognized as the entropy model, comes close to resembling the currently popular delusions of the science undergraduate.

The first such fundamental difference in mathematical forms of apparent “cause-effect” ordering, is the elementary difference in ordering between all living and non-living processes, respectively. All particular instances of non-living processes, as understood by the typical science undergraduate, have an ordering which Nineteenth-Century empiricists such as Clausius, Grassmann, Kelvin, and Boltzmann defined as “entropic.”²⁹ In contrast, living processes, as a category, are distinguished from all ostensibly non-living processes, by the fact that the characteristic ordering of all living processes, is anti-entropic. Thus, so far, we have two distinct orderings of what is ostensibly “cause and effect:” non-living and living processes. There are two additional, respectively distinct types of higher, anti-entropic ordering.

First, as Plato insisted, and as Kepler and such successors as Carl Gauss have supplied definitive, crucial experimental proof of this fact, the universe as a whole (the astrophysical universe, for example), is governed by its own form of higher anti-entropic ordering.³⁰ Second, finally, we have the characteristically anti-entropic ordering lying within the domain of individual human cognition. As Plato’s argument would imply, the universal ordering, subsumes and situates the other three. Cognition, while similar to the ordering of living processes in general, is not limited to such similarity; for reason

28. See, in Lyndon H. LaRouche, Jr., “What Will Happen, If . . .,” *Executive Intelligence Review*, August 28, 1998: pp. 52-53.

29. The formulation for “negative entropy,” as provided by Clausius, by Ludwig Boltzmann’s construction of his H-theorem, and as Boltzmann is parodied by the “information theory” hoaxster Professor Norbert Wiener, is not the alternative to entropy, but only a subsumed feature of what Boltzmann and Wiener, like Clausius and Grassmann earlier, define as “universal entropy.” Hence, to avoid the confusion spread, over a half a century, by Wiener’s misuse of the terms “negative entropy” and “negentropy,” I have insisted upon using the term anti-entropy, instead.

30. *ibid.* See, also, Jonathan Tennenbaum and Bruce Director, “How Gauss Determined The Orbit of Ceres,” *Fidelio* Summer 1998. On Plato, reference the treatment of this matter in his *Timaeus* (*Plato: Vol. IX*, Loeb Classical Library [Cambridge, Mass.: Harvard University Press, 1975]).

of its admittedly imperfect approximation of the universal ordering of the universe as a whole, it is of a higher order (i.e., higher cardinality) than merely living processes generally.

These differences in ordering represent the only valid epistemological basis for speaking of a type, called differences of “curvature,” within the domain of physical space-time. This leads us to such questions as, “What happens to a non-living form of molecule when it is incorporated as an integral feature of a living process?” (as distinct from a molecule which is only grossly “mixed” with that process, as virtual “dirt”). Clearly, we can speak of “incorporation,” only in the case it is demonstrable that the assimilation is efficient: that it can be reasonably inferred, that the curvature of the space-time associated with the non-living molecule, for example, is changed to conform to the non-linear, microphysical characteristics of the living process (in the infinitesimally, “non-linear” small). The crucial experimental evidence of the “non-linear” role of so-called “bio-photons,” in optical biophysics, is an example of such a notion of co-functional incorporation.

This is also precisely analogous to the evidence supplied as conclusive, crucial proof, that such interaction is what occurs when a non-living sub-process, physical economy as ordinarily viewed, is located conceptually under the regime of cognition. The evidence, that cognition superimposes an anti-entropic ordering on what are otherwise, ostensibly entropic forms of physical-economic processes, is, in itself, a conclusive, crucial experimental proof of this type of connection.

There is another way of looking at such interactions among integrated systems of respectively different ordering. Typical is the example of physicist Wilhelm Weber’s proof of the efficient existence of an Ampère “longitudinal force.”³¹ Weber’s crucial experimental proof for the existence and magnitude of this “force,” leads to the introduction of a notion of special curvature of processes within the sub-atomic, microphysical domain: the notion of “strong forces.”

Put the question this way. What happens, when a process which is ordered characteristically according to one type of curvature, is compelled to submit to an ordering of a different type of curvature? One might describe this as something beyond all ordinary undergraduates’ textbook notions of mechanical “cause and effect;” one thinks of a *wrenching* of physical space-time itself. By “wrenching,” one signifies a local change in the curvature of physical space-time, as present-day references to “strong” and “weaker” nuclear and related “forces,” illustrate the case. For example, if the geometry of the Solar system of orbits was changed from its actual Keplerian form, to a simple Euclidean form, that would be a case of the quality of “wrenching”—a wrenching degradation, in this case—to which we are referring here. This wrenching must be viewed, then, as a special case of what

31. Laurence Hecht, et al., “The Significance of the 1845 Gauss-Weber Correspondence,” *21st Century Science & Technology*, Fall 1996; pp. 21-43.

mathematical physics knows, more generally, as the key problem of *analysis situs*.³²

Take, once more, our earlier reference to Carl Gauss's conclusive proof, that the Solar system is ordered as Johannes Kepler defined the nature of that ordering, but not as Galileo Galilei, Isaac Newton, and other empiricists have insisted. The notion of a Keplerian, or Gaussian determination of orbits, is adduced from crucial physical evidence, which shows that the Solar physical-space-time in which the planets are situated, is neither empty space, nor a curious substance of the sort foolishly imagined, as a "luminiferous ether," by Gauss's, Riemann's, and Weber's avowed adversary, J. Clerk Maxwell. It is not an "ether;" it is a physical-space-time curvature, which imposes some entropic or anti-entropic principle of orbital ordering, upon the events situated within that domain, that multiply-connected manifold.

This is precisely the quality of phenomenon we are observing, and measuring, when we show that scientific and technological progress determines a "non-linear," anti-entropic ordering for what is otherwise regarded, objectively, as a physically "objective" process located in an hypothetical physical-space-time which is implicitly assumed to be characteristically linear in its infinitesimally small interval of action. In this case, we are pointing to the successful forms of physical economy.

Given, an *objective* model of a physical economy. The economy so defined would appear to belong to a linear physical space-time, like that of John von Neumann's "systems analysis" or Norbert Wiener's "information theory," which is linear in the infinitesimally small. Anti-entropy could not exist within that economy; therefore, it must appear, that actual profit could not exist in such a characteristically linear, or "zero-sum/entropy" model of economy. However, in real economies, speaking mathematically, the *subjective* intervention of cognitive processes "wrenches" the physical-economic space-time in the "non-linear" domain of the infinitesimally small. The result of this "wrenching," is to give the economic process the functional characteristics of an "orbit" which is characteristically anti-entropic.

There never was a successful form of physical economy, in which precisely this mode of anti-entropic action was not characteristic of the relevant *subjective* practice of that society. It is the cognitive processes of individual persons, the which generate the anti-entropy expressed, measurably, *objectively*, as increased productive powers of labor, within the objective domain of measurable physical-economic effects. *This relationship between cognition and the anti-entropy which cognition adumbrates within the objective domain, is the characteristic form of action which determines whether a physical economy works, or does not work.*

32. The latter, as understood by Lazare Carnot, et al., is the feature of Gauss-Riemann forms of hypergeometries which define the modular relations within a multiply-connected manifold as intrinsically "non-linear" in the extremely small, *characteristic* interval of action.

It works, when it does work, as follows. In the imagery of Bernhard Riemann's 1854 habilitation dissertation,³³ a new physical principle whose discovery has been crucially validated, as in an experimental way, adds a new "dimension" to the known geometry of physical space-time. This new "dimension" changes the characteristics of the newly defined known domain, relative to the formerly known domain, which the discovery has superseded. In such cases, the experimental evidence shows, that the higher domain corresponds to a characteristically "more efficient," more powerful form of action. In other words, the subjective action associated with generating efficient knowledge of the higher domain, is relatively anti-entropic in its effects.

In brief review of this implication of Riemann's work, consider the following restatement of the case just outlined above.

Given, the crucial experimental evidence which has proven that physical space-time conforms to a Riemannian physical-space-time manifold of n "dimensions," each such "dimension" a crucially validated physical principle. Suddenly, we are confronted with undeniable evidence, that there is a stubborn flaw embedded in the earlier presumption, the presumption that that n -fold manifold adequately represents actual physical space-time. In serious examples of this kind of problem, the suspicion that the presumption has been mistaken, is forced upon us by the most insistent form of paradoxical evidence. Evidence demonstrates, that there is no deductive form of solution for this paradox; it is a true paradox, analogous to a true metaphor within the domain of Classical art-forms.

This paradox defines a shock, in the same general sense the stubborn persistence of a global breakdown of the world's financial system evokes a profound sense of shock. There is no remedy for this shock (suicide aside), but to discover a validatable new principle, a corrected view of the universe. Such discoveries are generated as Immanuel Kant, for example, insisted they could not be; they are generated only through the "non-linear," anti-entropic agency, of an individual's cognitive processes.

These paradoxes and their corresponding, validated discoveries of new physical principles, acquire a social form in two interrelated, but distinct ways. First, the prompting paradox (or, metaphor) can be demonstrated, and validated for other minds, by each individual's corresponding act of cognitive replication. Once a crucial experimental validation of a new discovery has occurred, then, and only then, can the results of that validated discovery also be shared with others, by means of the kind of cognitive replication we associate with a Classical-humanist form of secondary and higher education.

Such discovery, validation, and social replication define the transformation of a paradox-ridden n -fold Riemannian

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

manifold, into an $n+1$ -fold Riemannian manifold freed from the relevant paradox. As we have reported here just a moment ago, such an $n+1$ -fold manifold always represents a physical-space-time whose characteristic form of action is more powerful (e.g., of higher cardinality) than that of the n -fold manifold it supersedes. It is that gain in power, through such transformations, which represents, formally, the source of that anti-entropy which scientific and technological progress, for example, transfers to a relevant physical economy's *objective* expression.

To complete the relevant reference to the implications of Weber's referenced discovery, the following notation should be made. The experimental evidence of work in the field of multiply-connected manifolds, shows us, that changes in ordering, which result from imposing one type of ordering upon another, are expressed mathematically, as relatively infinitesimal, so-called "non-linear" changes within the characteristic action of the incorporated ordering. It is, similarly, the way in which anti-entropic action, as in the expressed form of scientific and technological progress, increases the objectively manifest productive powers of labor in an economy. *We shall discover, very soon, the highly practical bearing of this principle upon the political crises being addressed by this report.*

We should add here, what has been said on many relevant,

earlier occasions: Such discoveries of validated new physical principles, or other discoveries of universal principle, as in Classical art, are uniquely products of the same cognitive processes of the individual human mind by means of which valid solutions to true artistic paradoxes (i.e., metaphors) are discovered. Physical principles, as we describe such principles in *objective* terms, pertain to mankind's relationship to nature, per capita, and per square kilometer of our planet's surface. Classical-artistic principles pertain to the *subjective* aspect of the social relations through which improved, effective, cooperative development of mankind's physical practice is made possible.

The combined *characteristic* gains in power, as represented by validatable discoveries of both physical and Classical-artistic principle, are the source of the anti-entropy upon which the continued survival of civilization depends absolutely. The successful, individual's original, or replicated creative act of cognition, so expressed, is the act—the *work*—by means of which the human mind transmits *objectively* manifest anti-entropy, *subjectively* to the physical-economic process. It is this form of *work*, cognition, which distinguishes the human activity of civilized forms of society, categorically, from the exertions of our farmer's cattle, or of other lower forms of life.

The power of the individual

With respect to the ordinary course of daily experience, what we have said here of the role of the *subjective*, implicitly defines the scale according to which we may measure the difference between rational, optimistic and creatively active individual minds, as the former are opposed to dull, mediocre, cynical, and brutish expressions of mental life and social relations, such as today's so-called "techno."

The existentialist types, for example, such as the infamous Voltaire, or the followers of proto-Nazis and outright Nazis, and Nazi-like leftist types, such as Friedrich Nietzsche, Martin Heidegger, Theodor Adorno, Hannah Arendt, and Jean-Paul Sartre, or the Nazi-like "Jenny" of Bertolt Brecht's "Three-Penny Opera," typify the brutish mind at its relative worst, relatively most entropic, therefore, and most destructive.

Let us view these and other shadings of difference in cultural characteristics of individual and group behavior, on a scale which corresponds to what we have said here respecting the transmission of anti-entropy, subjectively, to the observable, objective characteristics of the physical economies influenced by the subjectivity of the sundry, various personality types.

For initial purposes of illustration, let us define our notion of those relative qualities of mind which are functionally significant economically, by resort to a preliminary "rough cut." To illustrate the relevant point in a preliminary way, choose, if but temporarily, five, simply defined types of mind-sets as the reference-points for mapping a scale of comparison.

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34. In the history of public education in Europe and the United States, the proverbial mantle of leadership has passed from certain Christian teaching orders of medieval Europe, through the model established in the Seventeenth-Century Massachusetts Bay Colony of the Mathers, through the educational reforms which Friedrich Schiller and the Humboldt brothers built up in Germany around the preceding initiatives of the collaborators Lessing and the great Moses Mendelssohn, and, thence, to the model of secondary education developed in the U.S.A. by an associate of Alexander von Humboldt, Benjamin Franklin’s great-grandson, Alexander Dallas Bache. In the Seventeenth through Nineteenth Centuries’ history of North America and Europe, the figures of international leaders in science and related matters, Gottfried Leibniz and Benjamin “God’s Sparks” Franklin, are a crucial part of the history of education.

35. On the battlefields of science and education, the war between morality and bestiality, is typified in the most concentrated way, by the connection among Benjamin Franklin, Georg Forster, Friedrich Schiller, and Ludwig van Beethoven, on the one side, against the satanically evil tool of Jeremy Bentham, that vicious maenad, Mary Shelley, who authored the literally (theologically speaking) gnostic piece of anti-science fiction, *Frankenstein*, on the Devil’s own side. The hatred of Franklin and the U.S. Federal Republic, which prompted Mary Shelley’s expression of hatred against “God’s sparks,” in her novel, was Franklin’s role as both a leading scientist, and science organizer, on the one side, and also a leading international figure of the late Eighteenth Century, which prompted Georg Forster to eulogize Franklin’s combined, international, scientific and political leadership with the metaphor, “God’s Sparks *Götterfunken*.” The same metaphor was employed by another European recruit to the American Revolution, Friedrich Schiller, in the celebrated “Ode to Joy,” later incorporated, with a prefatory warning emphasis on the principle of metaphor involved, by Beethoven himself, in Beethoven’s Ninth Symphony. The connections between the American Revolution and Beethoven’s compositions, were documented in a report on the subject of Beethoven’s opera *Fidelio*, by Don Phau, who, ironically, was sent to prison, in the unjust manner of both the real-life Marquis de Lafayette and the fictional *Florestan*, on orders of the same enemy, the British monarchy of Prime Minister William Pitt the Younger (*Pizarro*). Prior to the ascent to tyranny by British assets Philippe Egalité, Maximilien Robespierre, and British Foreign Service agents of Bentham, Danton, and Marat, all of the best leading people of Europe were sympathizers of Lafayette and the opening events of the French Revolution of 1789. They, like U.S. War for Independence propagandist, Tom Paine, were supporters of what they knew as Benjamin Franklin’s international leadership of the struggle to free mankind from the bestiality of oligarchical rule. Of this, Wolfgang Mozart and Ludwig van Beethoven, like Friedrich Schiller, were a part, with sympathy and patronage from the Habsburg Emperor Joseph II. With the death of Joseph, the anti-American, oligarchical principedom of Austro-Hungary seized power. A terrible slaughter of all of the leading pro-Americans was conducted under the direction of the evil Chancellor von Kaunitz; Mozart, and all of his political associates who were not themselves agents of von Kaunitz’s secret police (*Geheimpolizei*)

from the starting-point of reference provided by Classical Greece’s relevant conflicts and contributions, respecting validated discoveries of either physical or Classical-artistic principle.

Second: Lower down, less useful, we have the well-informed, but not creatively-inclined person, drilled and grilled according to currently prescribed fashion: “informed.” He, or she, who has been boned to pass his examinations, and to perform related tasks, thus achieves what passes, superficially, at least, for assembly-line modes of mass-produced social success, a success invoked through human sacrifice of the power to know, a killing of the soul performed on the altar of learning — or, as it is often said today, the altar of “information.” Such *Schlemiels!* For their pathetic little sins of opportunism, they doom themselves to an endless midlife crisis. The pathetic little lives they lead, behind the mask of pretending to be important, become an existentialist’s eternal Purgatory, a flight from the terrors and other oppressions of being “thrown” into a regime of self-imposed eternal boredom. Such pathetic little, would-be *Fausts!* Poor Kafka’s cockroach! Thus, we see them today, condemned to dwell in the perpetual, meaningless torment of an “information society.”³⁶

died, all within the same few months, and all under circumstances controlled by von Kaunitz’s secret police. As Beethoven stressed, Mozart was not poisoned by Salieri, but, as Beethoven knew, but did not say, by the same means which Metternich’s *Geheimpolizei* used, in planting Metternich’s police-spy, Schindler, into Beethoven’s circles. (Much of the false interpretation of Beethoven’s musical work, was the result of operations run, using police-spy Schindler, by Metternich’s *Geheimpolizei*.) Notably, as emphasized by the cases of Emperor Joseph II and several of Beethoven’s dedications of compositions to his prize student, Habsburg Archduke Rudolf, it was not the biological family of Habsburg which was the enemy of the American War of Independence and Federal Constitution, but rather the Venice-dominated circle of ruling princes of the Venice-controlled southern branch of what had been the Holy Roman Empire (a case typified since the late Eighteenth Century, by the hereditary head of the *Fürstentum*, Thurn und Taxis). Chancellors von Kaunitz and Metternich typify that body of medieval princes, as a political power greater than that of the Emperor, a power which sometimes culled the flock of Habsburg heirs and the plebeian associates of those heirs. The fact that Beethoven dared to present his Ninth Symphony within the context of Metternich’s Nazi-like, anti-Schiller Carlsbad decrees, attests both to Beethoven’s politics and courage, and also his powerful connections with some opponents of the medieval *Fürstentum* within the ruling Habsburg house. Also of extreme importance bearing on the same point, is the role of a key asset of Empress Maria Theresa’s family, Ambassador van Swieten, who, with aid of connections to Felix Mendelssohn’s aunts, provided Wolfgang Mozart the circumstances under which Mozart’s intensive studies of the compositions of Johann Sebastian Bach, shaped all the important Classical musical composition and performance of Europe, from 1782 until the present day. Before you try to make a public fool of yourselves, spinning populist-style “conspiracy theories,” steep yourself in the history of ideas, as the Classical culture of Solon’s, Aeschylus’, and Plato’s Greece defined Classical culture for both the Golden Renaissance and the struggle for truth and justice in modern European civilization after that.

36. For purposes of cross-reference, this mediocre personality is consistent with Professor Lawrence S. Kubie’s study of victims of “neurotic distortion of the creative process,” typified by promising young doctoral candidates who went intellectually “dead” about the time they either passed their orals, or secured their first significant professional appointment. The sort of induced

Third: Still lower down, we have “mediocre:” who sometimes perform useful duties, but remain, otherwise, spewably lukewarm in intellect, taste, and morals.

Fourth: At the bottom of the pit, where “rock” performers and derivatives-traders dwell, we have Jonathan Swift’s and the Nashville “Agrarian” models of Stars-and-Bars-style Ya-hoos: “brutish.”

Finally, all among the lower three of these classifications overlap, Venn-diagram fashion, with that quality of cynicism whose impact ranges from only noxiously corrupt, such as pollster “Dick” Morris, to the satanically evil, existentialist quality of a Nietzsche, Houston Stewart Chamberlain’s Richard Wagner, Martin Heidegger, Bertolt Brecht, Sigmund Freud, Jean-Paul Sartre, or François Mitterrand.

Reflection upon these four-plus, or five reference-points, prompt useful, if but preliminary thoughts, on the subject of the relevant intellectual and moral characteristics of a society as a whole. As in the case of Carl Gauss’s use of relatively tiny observations to adduce the orbit of Ceres,³⁷ these are characteristics which are rooted in the expressed differences in personal character of the typical *individual* members of that society, rather than some statistical sampling of apparent population behavior on large scales. Since the generation and transmission of the wrenching power of anti-entropy proceeds, from the sovereign cognitive processes of the individual’s mind, to the economic and related processes of the society at large, a comparison of the intellectual quality of the typical individual members of one society, with the quality of the members of another, is crucial for determining the anti-entropy expressed by that society’s physical economy as a whole. In short, we must portray the “*analysis situs*” among these five points of reference, as Johannes Kepler studied the composition of our Solar system, from the vantage-point of the first, highest quality, rather than attempting to find goodness in people, as Thomas Hobbes, Sigmund Freud, and other empiricists do, by examining their parts from the bottom, up.

However, that cautionary observation said, as we look downward, from above, to discover what evil subversion is being done from below, think of the implications, for the U.S. economy, and its physical-economic standard of living, of the cultural down-shift which has dominated the U.S. society and its institutional practices since the post-Kennedy cultural paradigm-shift of 1964-1972.

Include among the nature and effects of a cultural down-shift, the radical, and accelerating degeneration of public and university education, which took over the content and goals of education during the early to middle 1960s. This degeneration was begun, beginning the period coinciding with the 1963 issuance, by the Paris office of the OECD, of an anti-rational

neurotic disorder identified by Kubie, is comparable to the academic pathology which Jena Professor of history Friedrich Schiller denounces as the production of so-called *Brotgelehrte*.

37. op. cit.

reform of education policy, a new policy first insinuated into the public policy of Nanterre and other educational centers of France as early as that same year. The so-called “Brandt reforms” of education in Germany are part of this same cultural paradigm-shift in the education policies of not only Europe and the U.S.A., but also so-called “developing nations.” In the U.S.A., the related process, of destruction of public and university education, which began during the mid-1960s, was aimed, explicitly, against the aerospace-development policy of President John Kennedy’s administration.³⁸

These and related developments, all assisted by the satanic legacy of Theodor Adorno’s and Hannah Arendt’s anti-rationalist “Frankfurt School,” gave the world the so-called “New Left” of Germany’s Oskar Negt, et al.³⁹ These developments included truly evil features, including covers provided for the deployment of the “factory rejects” of the New Left, as cat’s-paw covers for international terrorism, cat’s-paws recruited and deployed under the cover of the so-called “Sixty-Eighter” phenomena of Europe and the Americas.

The authors of the “cultural paradigm-shift” of the 1964-1972 interval, targetted a highly suggestible fraction of the student populations of leading universities — as in the U.S.A. and Europe — for what can not be fairly described as anything other than “mass brainwashing” conducted in the style of the London Tavistock Institute and associated Clinic. The chief targets in the U.S.A. for example, were the giant “multiversities,” such as the University of California at Berkeley, the associated think-tank organizations, such as the frankly satanic, “New Dark Age” projects of Stanford Research Insti-

38. Cf. Marsha Freeman, “The Railroad and the Space Program,” *Executive Intelligence Review*, August 28, 1998. It should be emphasized, that this effort to destroy both science and rational forms of education, was driven by the same circles around Britain’s “Dark Age” Prince, the Duke of Edinburgh, which launched the so-called “environmentalist” movement with the 1961 founding of the World Wildlife Fund and the associated “1001 Club” of Princes Philip and Bernhard. The connections between the attacks launched, beginning 1961, against both science and education, are typified by the close collaboration among such key figures as Britain’s Lord Solly Zuckerman and Dr. Alexander King, and the U.S.’s sometime National Security Advisor, Henry Kissinger sponsor, and Ford Foundation chief, McGeorge Bundy. Britain’s King was the OECD official who launched the 1963 campaign to destroy university and public education in Europe (and elsewhere). King and Zuckerman were the leading architects, in collaboration with the U.S.’s John D. Rockefeller III, in launching the Club of Rome and related efforts. King, Zuckerman, and Bundy worked closely with Soviet President Kosygin’s son-in-law, Gvishiani, to found the East bloc division of Prince Philip’s project, the Laxenberg, Austria-based International Institute for Applied Systems Analysis. Bundy, in concert with figures such as Herbert Marcuse, was a key Ford Foundation figure behind the funding and direction of ultra-left “anti-reason” cults, such as the Columbia University-based SDS Weatherman sect, during operations of the 1967-1969 interval. As usual, in such matters, ours is a small world, after all.

39. Arendt, a former intimate of anti-semitic Nazi ideologue Martin Heidegger, played a significant role as an exponent of Adorno’s anti-rational doctrines inside the U.S.A. Typical of her evil-doings is her participation in the anti-science campaigns of the 1960s, including her 1963 “Man’s Conquest of Space.” Cf. Marsha Freeman, op. cit.

tute (SRI) of the nearby Palo Alto area, and “Ivy League” and kindred universities such as Columbia, the University of Pennsylvania, and so on.

To locate the sources of today’s leading problems of public policy-shaping, one must focus upon the included fact, that the tactic behind the 1960s “New Left” project was elementary, and, unfortunately, all too successful. The principal target of the 1964-1972 cultural paradigm-shift, was a stratum of secondary school graduates, college and university undergraduates, then chiefly still adolescents (emotionally, if not physically), of the type which had been selected to be educated and otherwise socially conditioned as the leading representatives of the coming adult generation’s new batch of recruits for the finance oligarchy’s captive *intelligentsia*. As it was said then by my wife’s most fervent adversaries in the mass media and related locations of Germany today, her opponents from among the former “Frankfurt School” storm-troopers recruited from among Germany’s 1968 veterans, the assigned goal of the New Left was to “march through the institutions,” and take power over almost everything by this means. It was the same in the U.S.A., and elsewhere. The New Lefters were the obvious disease-carriers, and the satanic doctrines of Prince Philip and the “Frankfurt School” were the “RNA lentivirus,” the ideological “AIDS virus,” which had infected the disease itself.

Today, we are approaching two generations’ lapse of time, since the mass-brainwashing of 1964-1972 began. Twenty-five years, or more, later, the ranks of the Sixty-Eighters have been selectively groomed, repeatedly re-indoctrinated, and selectively promoted, or culled of those deemed young cows with bad feet, to be deployed in regimental formations, as tailored sets of replacements for the former leaders. Notably, “former leaders” signifies, today, chiefly, representatives from the older, President John F. Kennedy generation. This process of takeover of command, by the “body-snatcher” recruits from 1968, has occurred in most of the key positions of influence in government, education, mass media, and elsewhere. The takeover of the editorial direction of the *Wall Street Journal*, by the ultra-irrationalist Robert Bartley, beginning the early 1970s, is one example of this New Left-style “march through the institutions.”

The old cronies of Weimar Germany’s “Frankfurt School” circle, Theodor Adorno, Hannah Arendt, and Arendt’s Nazi companion of the pre-Hitler regime period, Martin Heidegger, typify the most willfully evil among those who crafted the ideology in which the Sixty-Eighters of both Germany and the U.S.A. were indoctrinated. Notable on this account, is Adorno’s and Arendt’s own variety of ultra-irrationalist breed of fascist doctrine, the so-called “theory of the authoritarian personality.” Essentially, what Arendt copied from her mentor, Adorno, was the combination of two leading elements. First, an explicitly satanic passion, like that of “Frankfurt School” godfather Georg Lukacs, or Brecht’s autobiographical character “Jenny,” for “destroying the existing

civilization,” in every way possible. Second, the effort, through the spread of the Adorno-Arendt “authoritarian personality” dogma, to outlaw considerations of both truth and justice from every aspect of official and private intercourse. For those who know the histories of both the fascist and anarchist extremist movements in Europe, Arendt and Adorno, like their Nazi crony Heidegger, sat together and cozened “where the woodbine twines,” in those depths where the worst of Nazism and the ultra-left have always found their common, Blair-style utopia, since even long before Blair named it a “Third Way.”

So, in this concluding section thus far, we have listed two leading, microcosmical factors determining those characteristic distinctions among societies, the which are rooted in differing qualities among relevant types of individual personalities. We have identified, first, the role of the relative level of growth, or debasement, represented by the individual person’s cognitive development. In addition, we have referenced the relevant case of the Sixty-Eighters, to illustrate the implied importance of willfully resisting and defeating anti-social passions, including outrightly satanic ones, which are threatening the self-destruction of cultures. There is a third principal, higher consideration to be featured as the keystone element in this repertoire: the role of choice of axiomatic conception of the nature, and situation, of the human individual within the universe at large.

The latter factor in determining the success or doom of cultures, is best identified as the issue posed by the proposition that the individual man and woman are each made in the image of the Creator. In fact, this third factor implicitly subsumes all of the issues presented by the other two.

It is permissible, and useful, to cluster all of these and related considerations, and their bearing upon the generation and transmission of physical-economic anti-entropy, under the rubric of a general conception of the role of cultural paradigm-shifts. The last of the three considerations just listed, takes us directly to that goal.

The modern nation-state republic

The last, most crucial issue to be considered, in conclusion, here, is the practical, real-life implications of Aeschylus’ *Prometheus* trilogy. This trilogy, and the implications we have referenced under the discussion of Classical tragedy, above, are to be examined from the standpoint of the way in which the Christian conception of man and woman as made in the image of the Creator,⁴⁰ led, in fact, into the idea underlying

40. Unlike the contemporary radical-Zionist and analogous mis-readings of Jewish history, Christianity does not recognize any kind of racial, ethnic, or analogous forms of “particular” distinctions among peoples or persons. As the Apostle Paul warns: Beware the concision! Any “particularist” form of distinction is immoral, implicitly evil, because it is “racist,” because it implicitly fosters the division of mankind between oligarchies and subjugated “human cattle,” as radical Zionists, such as Prime Minister Netanyahu’s cronies, regard Palestinian Arabs.

ing the establishment of the United States as a sovereign Federal constitutional republic: the case of the so-called “American exception.”⁴¹

The core of the issue, is not the simple-minded, bald assertion, that man and woman are each and all made in the image of the Creator. The core of the issue, is the available, crucial proof, that this claim is true.

The proof is the fact, that humanity alone, acting through the sovereign cognitive potential of the individual person, is able to increase mankind’s power over the universe, per capita, and per square kilometer of our planet’s surface. This cognitive power for discovering such efficient truth, innate to the individual, is crucial proof of the existence of a “divine spark of reason” universally innate to the human individual. The emergence of the modern sovereign nation-state republic, is the result of the impact and persistence of that Christian principle.

The essential features of the republic, are two. First, that we must end, everywhere on this planet, the notion that humanity can be divided between a ruling class, the oligarchies and their lackeys, on the one side, and a ruled class, subjugated, virtual “human cattle,” as victims, on the other side. The earlier societies, including evil Venice, anti-American Britain under its present monarchy, and the anti-American reactionaries represented by Metternich’s Holy Alliance, insisted, like the British Foreign Service’s self-proclaimed asset, treasonous Henry A. Kissinger, upon maintaining the traditional division between oligarch and “human cattle.” On the opposing side, there has been the influence of those whose work led into the mid-Fifteenth-Century Council of Florence and King Louis XI’s Renaissance-guided reconstruction of France as the first modern nation-state, representing the interest of all of its people. This pioneering achievement of Louis XI’s France, led into the later establishment and defense of the United States’ Federal Republic as the noblest enterprise of European civilization as a whole.

The American Exception emerged as a reflection of the fact, that the Sixteenth- through Nineteenth-Century Europeans could not realize their objectives, to establish a true republic overthrowing the ruling vestiges of oligarchism, simply and directly, within their respective own countries, or even within Europe as a whole. In this difficult circumstance, the effort to build up a true republic, in Plato’s sense of that term, in North America, was conceived as a way of circumventing the apparent impossibility of establishing republics by means internal to Europe alone.

The future patriotic leadership and republican conceptions of the U.S.A., emerging as factions built up in the Mathers’ Massachusetts and Penn’s and Logan’s Pennsylvania, during the course of the Seventeenth Century, reflected this conception and long-range intent. From the beginning of the

Eighteenth Century, the best Europeans, including the English, Scottish, and Irish opponents of William of Orange, Marlborough, and George I, allied with such leaders of the U.S. cause as Benjamin Franklin. Nineteenth-Century U.S. leaders best represented by John Quincy Adams, Alexander Dallas Bache, Henry C. Carey, and Abraham Lincoln, typify the continuity of the same kind of internationalist perspective of the U.S.A.’s best patriots.

Thus, over these centuries, to date, American and European heirs of the Renaissance worked together, to establish the U.S. republic as the rallying-point for freeing the entirety of our planet from the relics of oligarchical forms of racism and other tyranny. I stand, personally, in that American patriotic tradition, respecting the development of cooperative relations between the U.S.A. and Europe.

It is crucial to understand, still today, that the achievements produced by the struggle for liberty inside North America, were not a product of ideas which sprang up autochthonously, within the geographic and related circumstances internal to North America. Always, the development of the struggle for liberty inside North America, and the establishment and defense of the U.S. republic itself, was chiefly a product of the work of those Europeans who were best typified by the figure of Gottfried Leibniz, Europeans acting under the influence of the best leading currents within the culture of Europe.

Some exemplary facts should be reviewed, if only briefly, here. From the Sixteenth Century on, Europeans went to North America to find and build a republic; these Europeans built the foundations of the U.S. republic’s achievements. The immigrants to North America came from Europe. The ideas underlying the American Revolution, came from the Augustinian Golden Renaissance heritage within Europe. The successes of the United States in winning its freedom from its mortal enemy, the British monarchy, and defending that freedom against the combined forces of the European financier-oligarchical and other oligarchical enemies, were always accomplished in concert between U.S. patriots, such as Benjamin Franklin and John Quincy Adams, and the European factions to which Americans turned for essential assistance in wars against such enemies of freedom as the British monarchy, France’s Napoleons, and Metternich’s Holy Alliance. Without those European allies of the U.S., the combination of British agents and pro-British factions inside the U.S.A., would have succeeded in destroying the U.S. from within, at several crucial points during the Nineteenth Century, such as 1812, and 1861-1863.

That is the view of the U.S. republic as the work of a Transatlantic collaboration with European anti-British co-thinkers, enemies of such shameless overt agents of British influence as Presidents Theodore Roosevelt and Woodrow Wilson. That is the view of collaborators committed to the cause of the Christian principle of the “divine spark of reason.” That, in opposition to the babblings of Teddy Roosevelt’s favorite, Frederick Jackson Turner, is the only true

41. A summary of the notion of the U.S.A. as “the American exception,” may be found in Lyndon H. LaRouche, Jr., “Where Franklin Roosevelt Was Interrupted,” *Executive Intelligence Review*, July 17, 1998, pp. 32-33.



Plate VI from William Hogarth's "A Rake's Progress," in which the rake, having lost a fortune at gambling, is now half mad. "The moral citizen is he, or she, who situates the notion of self-interest, not in personal profit or loss, nor immediate pleasure or pain, but rather with respect to one's personal world-historical place in the course of history as a whole. . . . It is this location of one's self-interest, which defines the only truly happy persons on this planet, the kind which laughs in the Devil's face."

"American Exception." The United States was created by Europeans as an instrument for freeing Europe itself from the grip of such evil forces as the British monarchy, the family and tradition of Napoleon Bonaparte, and the Holy Alliance. Without continuing to adhere to that purpose, for which the U.S. was created, the U.S.A. itself would not long survive.

It is that same view of Europe among leading patriots of the U.S.A. in the tradition of Franklin, John Quincy Adams, and Henry Carey, which informs a patriotic view of what U.S. Russia policy must become today. Russia is, as France's President Charles de Gaulle emphasized, an integral, important, leading part of Europe as a whole, a Russia whose collaboration with both the United States and the Leibniz-Schiller-Humboldt tradition within Germany has always been key to the, unfortunately, all too exceptional, best periods in the history of Russia's policies and foreign relations. Russia today must be brought into playing its proper role within Europe as a whole, a role which depends upon the proper shaping of the relations among the U.S., Russia, and Germany.

The case of Russia leads us, by way of Eurasia as a whole, into a much more important matter, the ordering of the affairs of this world as a whole.

The greatest leaders of the U.S. republic, such as Franklin and John Quincy Adams, always understood that the security of the U.S. itself ultimately depended not only upon freeing Europe itself from the oligarchical legacies of the British

monarchy, the Napoleons, and the Holy Alliance, but also upon establishing a world order of cooperation for universal improvement of the human condition. The best U.S. patriots among us have always understood, as President Franklin Roosevelt proclaimed this, in opposition to Winston Churchill, and in opposition to Roosevelt's confused and corrupted successor, President Harry Truman, that this matter of bringing justice to all of the nations of the world, is our republic's true destiny, the destiny inhering in the creation of our republic. The historic mission of the United States, is to ensure the creation of a system of cooperation among perfectly sovereign nation-states, to establish a system of justice, based upon commitment to truth, throughout the world as a whole.

For the Americans, as heirs of the mid-Fifteenth-Century Golden Renaissance, this meant a world order based on the conception of man and nature inhering in the conception that all persons are made equally in the image of the Creator, and endowed with that potential of creative reason, expressed in scientific and Classical-artistic forms of progress of universal improvement in the condition of the human individual, which expresses their likeness to, and the Christian's agapic love for their Creator. That is the principle of *agapē* featured, in defense of truth and justice, in Plato's *Republic*; that is the principle of the Christian Apostle Paul's *I Corinthians* 13. That principle is key to any successful effort to address the implications of the presently ongoing disintegration of the

world's present financial and monetary system.

That historical outline, respecting the case of the American Exception, situates the following, concluding features of our discussion of the *subjective* determination of history.

The highest point of individual morality, culture, and intellect, is found in reflection upon the fact, that the greatest of all things created is the individual human being, whose innate gift of reason, situates that individual, in practice, as made in the image of the Creator. (For the information of those unfortunate persons who may object to this theological outlook, we warn them, that it might be considered imprudent to insult the Creator, as many professed "Christian Fundamentalists" do, by accusing Him of bad taste in respect to the love for all mankind expressed by Jesus Christ and His Apostles.)

In practice, the *conscious*, as distinct from innately potential morality, of that individual, begins with his, or her reflection on the fact, that each of us is mortal. The fact that each is born, and will die, impels anyone not an utter fool, to find, in life, that which transcends death. The same thing, said in the language of Classical philosophy and Christian theology: to find, and secure one's immortal place within the simultaneity of eternity.

There is nothing merely fanciful in such apparent speculations. The characteristic feature of human existence, which sets the human personality absolutely apart from, and above the lower species, is creative reason, as reason is typified by the crucial-experimental validation of newly discovered physical principles of the universe. The generation, and replication of such valid discoveries, has the efficient consequence, that we, the living, may act to give fresh kinds of life to those fruits of creative reason which have been bequeathed to the living by the dead, and may act similarly, such that, we, once dead, still act to shape the future states of this universe. There, we dwell, today, in the simultaneity of eternity.

In these connections of present to past and future, the which we have just summarized in the two preceding paragraphs, we should recognize that the kinds of educational policy in force in the United States, and other nations, today, are intrinsically evil. What is evil in the policies of such wretches as John Dewey and his successors, is the fact, that the contemporary educational policies of our public and private schools, and universities, including so-called "home schooling," were introduced with the explicitly stated intent, to destroy the best forms of public and university education previously established, the forms of education associated with the Classical humanist methods of such as the Brothers of the Common Life and the Schiller-Humboldt reforms in Germany.

In Classical humanist modes of education, education is centered upon the student's re-enacting, as exactly as possible, the reliving of an original discoverer's *impassioned*⁴² act

42. No truthful principle was ever discovered by methods of deduction. The essential feature of the process of discovery, is the specific quality of passion,

of discovering a validated principle, either a physical principle, or a comparable principle of Classical art. This is a moral act, as contrasted with the immorality of mere textbook learning of that which was, actually or only putatively, proven by some work from past centuries. Since, these principles are made known to the student by reliving actual moments of discovery of principle, from the minds of persons long deceased, this form of education corresponds to the moral principle identified just above. That moral principle, informed by a richness of reliving the most important known discoveries of principle from the past, defines the student's moral commitment, to live today in such a way as to foster a better future for generations yet to come.

The relatively simpler illustrations of this principle, come from the history of physical science, as science is best traced from the centuries of the Academy of Athens under the leadership of Plato and successors such as Eratosthenes. All of the greatest valid achievements of modern science are derived from work premised upon the foundations of the method of Plato. However, as we have stressed near the beginning of this present report, there is a danger in relying upon so-called physical science to such a degree that we overlook the decisive role of Classical art. Look at the transition from the barbarism expressed within the Homeric epics, into the critical view of those barbarities and their civilized alternatives from the standpoint of Solon of Athens, Aeschylus (for example),

actually a form of expression of what Plato and the Apostle Paul identify as *agapē*. For example, in the classroom, there exist two, alternative, mutually exclusive qualities of emotion associated with the student's efforts to secure what he or she regards as "the answer" to a question posed. One, is the whorish desire to express, as a putative answer, some opinion which will win approbation from some choice of so-called "authority." This morally debased classroom method and procedure is called "learning," such as "textbook" or "dictionary" learning, or, in the alternative, the acquiring of "information." The opposite quality of emotion, is the fear that one might choose an answer which is not truthful, in Plato's Socratic sense of truthfulness. In the latter case, the moral person will reject, as a matter of principle, the search for an answer whose attribute of "correctness" lies in the expressed opinion of some putative external authority, such as a teacher, textbook, or political or judicial authority. The student in the Classical humanist mode, must be certain, on his or her own authority, that the answer he chooses is right, in a way which is independent of merely adopting the opinion of some putative external authority, an answer which, in many instances, will be right precisely because it defies the contrary opinion of most available, or prevailing authorities so-called. In this case, the student relies upon the authority of a developed method of investigation, a method which corresponds to the student's experience in re-enacting many among the greatest of the validated discoveries of principle from the previous centuries' work of mankind. It is that internal authority, located in that kind of internalized reliving of the creative acts of the greatest discoverers from the past, which the truthful student prefers to such putative authorities as mere textbook opinion, or deduction. What drives the truthful student to such effect, is a quality of passion, a passion which sustains the needed concentration-span, which will not let the mind of the student go, until the student has discovered the answer, and proven it, by the best of his own resources. In this sense, the question of truth, even truth which relies upon objective forms of crucial validation, is subjectively motivated, not objective in the sense empiricists, for example, employ the term "objective."

and Plato. The referenced case of Orestes, and Athena's intervention against the blood-vengeful barbarities of the Furies, is an appropriate illustration of the point.

There is virtually no instance, in which the poem of Solon of Athens, and the greatest Greek tragedies of the Classical period, are not demonstrations of principle as much needed for today's populations, as they were in the time the Classical tragedians were struggling with their audiences, to expose the barbarous follies included in the events and policies reported in the Homeric epics. There is no problem of law, in the practice of today's U.S.A., or most legislatures and judiciaries of other nations today, in which reference to the treatment of justice, in Book Two of Plato's *Republic*, is not a much-needed correction for the barbarities commonly practiced by the U.S. Department of Justice and other relevant contemporary institutions.

Thus, on such account, students and teachers, who show contempt for study of Classical Greek literature, today, are rightly identified as "contemptible" fools.

It is by reliving the issues of Classical art, first as these issues were posed in Classical Greek literature, that the secondary pupil in a Classical humanist program, comes to know the moral principles of Classical works of art, in the same way in which the valid discoveries of physical science should become known to the student, by reliving the experience of original discovery of that same knowledge, as if he, or she were there. The study of modern works of art from the standpoint of comparison with the Classical Greek productions, such as the tragedies and Classical forms of *commedia*, of Rabelais, Marlowe, Cervantes, Shakespeare, and Schiller, or the Classical-Greek modes of poetic composition used by Goethe, Shelley, and Keats, has this same quality of importance. Students who graduate from secondary schools without this kind of experience, are rightly called "barbarians," "illiterates," "unfortunates." They lack that developed moral sense, peculiar to Classical art, on which the continuation of viable modern forms of civilization depends absolutely.

We must emphasize here, once again, a crucial point we have made in other published locations. In Classical art, it is indispensable that we never lose connection to the principle of *historical specificity*. For example, any Classical drama, especially tragedy, which is composed as situating a subject-matter in a specific place and time in history, must never be presented as a "timeless lesson," never presented as a matter situated in a different historical setting of time and place, than that for which it was originally written.⁴³ This applies to education in secondary schools, as it ought to be enforced in public dramatic performances. There is a profound moral issue involved in this.

43. There are, admittedly, cases of dramatic productions, in which such abuses are a matter of indifference. This is true only in the case that the dramatic production in question is such a piece of trash, that it could not be made worse by such anti-historical manglings.

The moral issue here flows from the factual one. In the course of actual history, the relationship among present, preceding, and later generations, is the location in which the characteristic features of the historical process are located. For the case of tragedy, Schiller illustrates this point very well, by the relationship between his study of the composition of tragedy by Shakespeare, for example, with his own compositions. History is located, essentially, not in physical acts as such, but in the succession of those ideas in which the subjective order of objective action is situated. To violate, or simply overlook that principle of real-life history, is to sow the kind of confusion leading to the worst, potentially fatal blunders of judgment by both leading statesmen and public opinion generally. Morally, to do such a disgusting thing as that, is to reject absolutely the principle of truthfulness respecting the consequences of both ignorance of the past and respecting rational regard for the future consequences of present actions.

The image of some creature fit for a part in Hogarth's *A Rake's Progress*, masturbating with his handheld calculator, in a financial trading pit, provides an epitome of the kind of soon-doomed Yahoo a person is, who disregards the fact, that the ordering of the causal sequence of events occurs in reality, according to the principle of historical specificity.

Thus, the moral citizen is he, or she, who situates the notion of self-interest, not in personal profit or loss, nor immediate pleasure or pain, but rather with respect to one's personal world-historical place in the course of history as a whole. Thus, that person is moral, because his, or her notion of world-historical interest approximates the principle of an order within the meaning of a simultaneity of eternity. It is this location of one's self-interest, which defines the only truly happy persons on this planet, the kind which laughs in the Devil's face.

This, in summary, is the first, and highest moral standpoint. It is from this standpoint, and only this standpoint, that history can be understood, and the relationship between characteristics of individual human behavior, and the lawful ordering of anti-entropy and entropy in societies as wholes.

The crucial fact about history so viewed, is the relationship between the increase of mankind's power over the universe, and the notion of a correlation between such progress, and a Riemannian ordering of the progress of ideas of both physical and Classical-artistic principle. Hence, the importance which all of us, among those who have understood history, have placed upon a certain notion of universal education for all our young. It is to the degree, that we have fostered bright and happy young people, through their locating their own identity in history as the history of ideas, that we have fostered the development of our future citizens as typically sparkling wits, filled with actual knowledge, rather than mere learning, and, brimming, therefore, with laughter, wit, and joy in mastering strange places and more advanced discoveries of principle than have been known before.

Be thus happy, and we shall conquer all that we must.

Russia gets new government, but has little time

by Rachel Douglas

President Boris Yeltsin's appointment of Yevgeni Primakov as Premier of Russia, announced on Sept. 10, interrupted a headlong dive into political chaos. The first nominee after Yeltsin fired Prime Minister Sergei Kiriyenko on Aug. 23, former Premier Viktor Chernomyrdin, had been twice rejected by the State Duma (Parliament). A third rejection was sure to come, followed by a Constitutional crisis as Yeltsin attempted to dissolve the Duma and the Duma attempted to impeach Yeltsin. Gennadi Zyuganov, leader of the Communist Party of the Russian Federation, was talking about the duty of Armed Forces units to stand with the Parliament.

There is little breathing space, for the new Premier-designate to achieve economic and social stability, on which to build a new economic policy. The previous government's move to re-regulate Russian finances, came after the Central Bank had already spent half its gold and currency reserves—even after they were bolstered in July with a \$4.8 billion International Monetary Fund credit—in futile attempts to defend the ruble. Instead of stabilizing financial flows, the exchange controls and partial debt moratorium of Aug. 17 catalyzed an even swifter crash of the ruble and near-disintegration of the Russian banking system.

By Aug. 21, most Russian banks stopped paying out dollars to depositors who had them in their accounts. Some clients were unable to withdraw even rubles, as the system seized up in a liquidity crisis. Visa International instructed ATM operators, to not honor the accounts of several Russian banks.

On Aug. 26, the ruble crashed through the upwardly revised limits of its trading band, which the Central Bank on Aug. 17 had established as between 6 and 9.5 to the U.S. dollar. Ruble-dollar trading was suspended on the Moscow Interbank Currency Exchange that day, whereupon the ruble

fell 41% against the deutschemark in that one day. By the end of the first week in September, through several MICEX suspensions, the ruble was trading in the vicinity of 20 to the dollar, with some quotes—and the street rate—as high as 30:1, a nearly 80% effective devaluation in the space of one month.

Food imports collapse

While Russia's emergency suspension of categories of payment took the world financial system into a new phase, the domain of effective sovereign defaults, it also marked a qualitative shift on the Russian scene. No longer could the population at large be insulated from the minute-to-minute emergencies of the financial system. Now in the vicinity of 40 to 60% import-dependent for food, and up to 85% dependent in the big cities, Russia experienced a 90% collapse in those imports as the ruble crashed. In early September, ships with their food cargoes were turned away from the port of St. Petersburg, as the Russian importers were unable to pay or produce letters of credit that would be honored. On Aug. 18, the business paper *Kommersant-vlast* projected a return of 1918-21 Civil War conditions, under which urban dwellers would have to travel to the countryside and barter their possessions for food. Russian sources reported that there are preparations for food-rationing.

A year of drought, followed by deluges in various parts of the country, has damaged the potato crop.

During Sept. 4-9, there were waves of panic-buying of non-perishable foodstuffs. The ruble exchange rate even reversed direction, rising as people in Russia's generally liquidity-strapped economy hurried to spend even their dollars (first converting them to rubles, improving the currency's rate) on stocks of food.

On Sept. 8 in St. Petersburg, it was practically impossible by 7 p.m. to find any salt, tea, coffee, rice, semolina, or buckwheat, matches, washing powder, shampoo, soap, toilet paper; by 8 p.m., eggs, macaroni, sour cream, curds, and cottage cheese had also disappeared; an hour later, the remaining stocks of imported canned fruit, vegetables, fish, etc., had been swept from the shelves. Prices were quadruple what they had been one month earlier.

Several provincial governors, during the week of Sept. 7, declared emergency food mobilizations, banning shipments outside their areas. Moscow Mayor Yuri Luzhkov denounced the restrictions as “dangerous,” at his Sept. 10 press conference. Vytautas Landsbergis, chairman of the Lithuanian Parliament, called for international humanitarian aid to adjacent Kaliningrad Province, warning that “pending famine [within] the Russian Navy should raise international concern.”

Primakov says problem was ‘IMF requests’

A veteran of the Soviet and Russian foreign policy and intelligence establishment, Yevgeni Maksimovich Primakov is an Arabist, who graduated from the Institute of Oriental Studies at the Academy of Sciences and long headed IMEMO, the Institute of the World Economy and International Relations. He speaks English, Arabic, and Georgian, in addition to Russian.

Since becoming Russian Foreign Minister in early 1996, Primakov has dedicated his efforts to preserving and reviving a set of foreign relationships, appropriate to Russia’s status as a great power, cultivating improved relations with the major Eurasian powers. Moreover, Primakov has spoken out about the damage, inflicted on Russia by IMF-authored policies, and—contrary to news agency reports that Primakov is a *tabula rasa*, as far as economic policy goes—has called for emulating Roosevelt’s “New Deal” as a road to recovery.

Foreign Minister Primakov spoke on June 25, 1998 in London, at the Royal Institute for International Affairs, about the interface between Russia’s situation, and the global markets. “Why did the Asian crisis hit Russia so hard?” asked Primakov, “Because foreign investment was mostly portfolio investment in Russian government bonds. When the Asian crisis engulfed such strong countries as Japan and South Korea, many of those who had invested in Russian state bonds started to plug their own loopholes, by taking money from Russia.”

Primakov said his country’s priority had to be real economic growth. “We didn’t pay enough attention to economic growth, because we were focussed on macroeconomic financial stability, at the request of the IMF.” Now, “there is no question of returning to the past. But we can learn from the United States. During the process of recovery from the Great Depression, Roosevelt took some state measures, tax measures that benefitted the development of industry. These are areas on which we plan to focus.”

On July 20, 1998, Academician Leonid Abalkin gave a press conference in Moscow, to attack the government’s so-called anti-crisis program, crafted to meet IMF austerity demands. Abalkin asked why the country of Sergei Witte and Pyotr Stolypin (turn-of-the-century reformers, students of the American System of Political Economy), and of the Soviet mathematical economics school, should be following imported, disastrous economic prescriptions. If it were not for capital flight and triple-digit interest rates, said Abalkin, Russia would have no budget deficit. He said that his findings on flight capital had been confirmed by reports from “Academician Yevgeni Primakov,” the Russian Foreign Minister.

Primakov on Eurasia

In a Jan. 8, 1997 interview with Itar-TASS, Primakov called the active development of relations with Asian nations, especially China, his most important achievement of 1996. “We tried to correct the ‘tilt’ toward the West which had emerged in the past. . . . A power like Russia with its huge interests in Asia and the Middle East can’t have all its eggs in the ‘Western basket.’ We have tried deliberately and actively to develop a political dialogue and economic ties with the leading powers in Asia—China, India, Japan, and the ASEAN countries,” said Primakov. Speaking about relations with the United States, he added, “We are no longer fixed on the idea of ‘Enemy No. 1’ or on the romantic idea that ‘a strategic alliance’ with the former enemy is almost inevitable.”

“There is particularly good progress in Russia’s relations with the P.R.C.,” Primakov elaborated. “What is involved here is not the rebirth of an ideological alliance of the 1950s model. We and China hold the same view that our interests lie in equal and trusting partnership with a long-term strategic aim of interaction in the 21st century.”

In the summer of 1997, Primakov attended the Kuala Lumpur meeting of the Association of Southeast Asian Nations, at which Malaysian Prime Minister Mahathir bin Mohamad blasted George Soros, and currency speculation in general. A senior Russian strategist told *EIR* at that time, “The crisis of the currencies in Southeast Asia made a great impression in Russia.”

Amid warnings from Krasnoyarsk Gov. Aleksandr Lebed, among others, about “civil war” or “1917” conditions and the fragmentation of the country, the acting government under Chernomyrdin scrambled to implement an emergency economic plan. What Chernomyrdin unveiled, as he addressed the Federation Council (upper house of Parliament) and then the State Duma on Sept. 4 and 7, seeking confirmation of his second nomination, he called “economic dictatorship” starting Jan. 1, 1999. The scheme bore the prints of a group of George Soros protégés—acting Deputy Premier Boris Fyodorov, and former Argentine Economics Minister Domingo Cavallo, whom Fyodorov invited to Moscow. Chernomyrdin called for, first, an issue of currency to settle urgent wage and other debts, then for an imperial-style currency board, under which Russia would be prohibited from issuing credit or currency, except on the board’s terms. Dr. Sergei Glazyev dubbed it a caricature of a “mobilization economy,” in which the mobilization would be for the sake of the financial oligarchy, not the nation (see *Documentation*).

Primakov has the chance to jettison such advisers, but there has very little time, under deteriorating economic conditions. His task will be made easier or more difficult, depending on whether leaders of Western nations prioritize replacing the global financial system with one that promotes real growth, or continue to try to save the “free trade” regime that is destroying one after another country, the way it has devastated Russia.

Documentation

Chernomyrdin-Soros plan: surrender of sovereignty

As the debate over Russia’s choice of Premier heated up in the first days of September, the Information and Analysis Directorate of the Federation Council, led by Dr. Sergei Glazyev, circulated analysis of the policies Chernomyrdin proposed. The analytical memorandum, which qualified them as an unmitigated disaster for Russia’s sovereignty and its survival as an industrial nation, is translated here. It was also published in the opposition paper Sovetskaya Rossiya on Sept. 8.

The content of the Chernomyrdin-Fyodorov-Soros program is the following.

First stage. Devaluation of debts and savings, through hyperinflation, accompanied by a precipitous collapse of the ruble’s exchange rate and a steep reduction of the real income and savings of the population. After this, the devalued money

supply and ruble exchange rate would be fixed, with transition to a “currency board” system.

Second stage. It provides for:

- linkage of the money supply to the volume of Central Bank foreign currency reserves;
- total deregulation of foreign trade;
- rejection of any state regulation of the economy;
- reliance on attracting foreign investment and credits;
- a sharp reduction of state spending.

As a result of such a policy, Russia loses its sovereignty, with respect to monetary policy, and places its entire financial system, including drafting of the budget, under the control of the IMF and the “currency board.”

Under such a system, the state totally swears off any [currency] emission income and all forms of financing economic growth.

In order to finance any domestic production whatsoever, it will be required first to export raw materials, in order to earn foreign currency, because an accumulation of foreign currency is the allowed basis for emitting rubles; or, to borrow abroad for the purpose of forming currency reserves. Another allowed route is to sell enterprises to foreigners, so that they will import foreign currency as the basis for emitting rubles to refinance production.

In either case, Russia’s position as a global donor to the developed countries is consolidated—the position of a raw materials appendage and a “milk cow,” as a colony of the transnational corporations.

The expected results of the Chernomyrdin-Fyodorov-Soros plan:

- sharp devaluation of the savings and incomes of persons, as well as companies, during the planned hyperinflation in the first stage;
- the final destruction of science-intensive and complex manufacturing industries, which will be shut out of their foreign markets;
- an additional, two- or threefold contraction of the money supply, causing a steep deterioration of the financial situation of production enterprises, their mass bankruptcy, and sale to foreigners;
- degradation of the technological structure of the economy, consolidating its orientation toward raw materials extraction, accompanied by the liquidation of Russia’s scientific and technological potential;
- the rapid growth of unemployment to the 30-35% level;
- domination of the economy by foreign capital.

Conclusion. The Chernomyrdin-Fyodorov-Soros plan is the road to the total and final colonization of Russia, which is supposed to give up sovereignty in the conduct of monetary and credit policy, give up having an independent Central Bank, give up any effective state regulation whatsoever, and confirm its specialization in raw materials production, while there is an inevitable impoverishment of two-thirds of the population, 50 million of whom will fall below the survival line.

Glazyev: 'The price of incompetence'

Dr. Sergei Glazyev, former Foreign Economic Relations Minister of Russia, now head of the Information and Analysis Directorate of Russia's Federation Council, published a major article in the Aug. 28 and Sept. 1 issues of Nezavisimaya Gazeta, under the title "The Price of Incompetence." It is excerpted here.

Since the middle of last year, when monthly spending to service the state debt began to exceed all federal budget tax revenues by more than double, not only well-known economists, but also politicians spoke up about the threat of a financial crash. There were such discussions, for example, at the June 1997 session of the Federation Council, on questions of state regulation of the economy. At a Federation Council round table on problems of financial stabilization, held Feb. 10, 1998, recommendations were adopted on restructuring the domestic debt, the implementation of which would have made it possible to avert the bankruptcy of the state. . . . The Government and the Central Bank waved off the warnings of scientists and the proposals of the chambers of the Federal Assembly, and continued to build up the GKO-OFZ financial pyramid. . . . The net losses of the state, due to the Government and Central Bank leaders' game with the GKO-OFZ financial pyramid, comprise more than 400 billion rubles. . . .

On Aug. 17, when the self-destruction of the GKO-OFZ financial pyramid was an accomplished fact, the Government and the Central Bank "stepped on their own song's throat," during what the day before they had called absolutely impossible. . . . The sparkling display window of oligarchical capitalism, built at the cost of draining over 2 trillion rubles from the production sphere of the economy, shattered, and behind it was revealed the unpretty picture of a bankrupt economy, on which backdrop macroeconomic stabilization turned out to be just a wax dummy. . . .

Turning up bankrupt, our "money powers" opted to forget about the nation's credit rating; they cancelled the effect of the tens of billions of dollars, spent to win a good credit rating, and dashed off headlong to save the "oligarchs." . . . By their decisions, the Central Bank and the government destroyed the credit rating not only of Russia, but of every Russian bank. [The 90-day debt moratorium], short-term as it is, will not save the balance of payments. . . . After those three months, these decisions will provoke a sharp increase in foreign banks' demand for repayment of loans to Russian partners, or a substantial increase of the collateral, which can bankrupt many banks that are perfectly solvent at present. . . .

Strange as it might seem, the radical liberal marketeers who have run Russia's economic policy, at the moment of crisis, exhibited the habits of a typical Makhno [early 20th-century self-styled "communist-anarchist"]. First failing to

fulfill their obligations to the population, in order to provide superprofits for financial speculators, now they are refusing to service their debts, and have forbidden others to service them. . . . Insofar as the government had based its plan to get out of the financial crisis on the attraction of new foreign loans, to refinance the existing debt obligations, the decisions now adopted mean the collapse of the stabilization policy of the government and the Central Bank. . . .

There was a second option, supported by the Federation Council, which consists in a fundamental change of economic policy, for the purpose of raising the level of investments and resuscitating production. It includes measures to mobilize non-tax budget revenues, at the expense of Central Bank profits, natural gas exports, alcohol import and circulation, tightened exchange controls, and restructuring of the GKO-OFZ pyramid, as well as a system of measures to raise investment activity, revive production, and create the necessary conditions for economic growth.

The government and the Central Bank, having failed with the first option [of more borrowing abroad], utilized some elements of the second: They restructured the GKO, devalued the ruble, and placed limitations on capital export. These half-baked, clumsy, and belated measures, however, were greeted as the effective bankruptcy of the Russian financial system and the beginning of an uncontrolled devaluation of the ruble. They provoked panic, and led to a sharp increase of capital flight. . . .

The last chance. There remains only one acceptable decision—transition to a mobilization economic policy, by no later than October. . . . So far, the choice is being made in the direction of the mobilization option, but not to overcome the crisis; rather, for the defense of the oligarchy's interests. . . .

One year ago, there was still a possibility to avoid the debt crisis, through appropriate changes in macroeconomic policy; six months ago, to exit from the crisis with minimal losses; two months ago, to adopt just the "modest" system of anti-crisis measures, proposed by the Federation Council, which included no actions to be forced upon economic entities; today, there is no way but to shift to a mobilization policy. If, once again, there is a continued balancing between the interests of international capital and those of the domestic oligarchy, instead of the needed anti-crisis measures, the next step of deepening crisis will have to be answered by the government and Central Bank with measures from the Bolsheviks' arsenal: nationalize the banks, natural monopolies, and viable enterprises, economically "close" the country, and suppress the political opposition by force. If these measures are accompanied by the transfer of raw materials deposits to foreign capital, . . . while the state budget is directed entirely toward debt service, it is quite likely that they would be supported by the IMF. But, do we really need such colonial "socialism," employing methods of state dictate, in the interests of a ruling oligarchy and foreign capital? Was it for this, that our society gave up developed socialism in favor of the market economy?

The German election campaign heats up, as the Russian crisis worsens

by Rainer Apel

Sept. 3 was an important day, in German politics: Because of the Russian crisis, some among the elite stopped babbling on about the usual, petty election campaign issues like “taxes here” and “no taxes there.” And, it also was the day when the first campaign broadcast by the LaRouche movement’s party in Germany, the Civil Rights Movement Solidarity (BüSo), was aired on Germany’s second national television channel, on prime time. Therefore, on that day, the German population received a massive dose of reality, less than four weeks before the Sept. 27 elections for national parliament.

For newspaper readers, the day began with some startling comments. For example, on the front page of the weekly *Die Zeit*, former Chancellor Helmut Schmidt, under the promising headline “Global Madness,” wrote that “not Russia, but the hot money of speculators could trigger a worldwide economic crisis.” Russia itself is not the trigger to such a global collapse, but the “technically globalized financial markets,” in particular the “short-term flows of hot money with all their speculations and psychoses,” he wrote. “Just as international air traffic obviously needs globally accepted rules and controls, we urgently need rules for international capital flows as well.”

Schmidt identified the “electronic international trade with currencies, stocks, and securities of all kinds, with options, swaps, and thousands of other derivatives,” as a development that has almost entirely gotten out of the control of national banking supervisors and national central banks. It can, “like in Indonesia, Thailand, or Malaysia, uproot entire national economies,” Schmidt said, adding that the problem of financial derivatives has resulted from the abandonment of fixed exchange rates in 1971-72, i.e., the old Bretton Woods system. It is high time for re-regulation, Schmidt wrote, proposing that “nations, threatened by speculation, have to be encouraged to protect themselves against short-term capital inflows from abroad.” More than technical banking measures, what the world urgently needs now, is an international economic summit to deal with this situation, Schmidt said. “Because for 6 billion people in the world, the functioning of the global economy is far more important than excessive freedom of a few ten thousand greedy dealers and managers to play around on short-term financial markets.”

In another article in *Die Zeit*, Theo Sommer, one of its

chief editors, noted that the crisis of the world financial system has so far been entirely neglected by the established political parties in the election campaign: “So far, the parties have not said anything concrete about these central themes of German foreign policy, not even the Chancellor.” However, the one party that does say something, the BüSo, was not mentioned by Sommer.

The re-regulation debate comes home

The European edition of the Sept. 3 *Wall Street Journal* ran an article more oriented toward reality than usual, headlined “Fixed-Rate Talk Hits Race in Germany.” The *Journal* reported on Social Democratic Party chairman Oskar Lafontaine’s interview with the weekly *Die Woche*, also published that morning, in which he said: “It is necessary to set trading bands within which the most important global currencies can fluctuate against each other: the dollar, the yen, and the euro.”

Although Lafontaine made clear that he is sticking with the monetarist recommendations of Paul Volcker’s so-called “Bretton Woods Commission,” and that he neither intends to curb markets, nor take firm measures, such as taxation, against speculation, his statement was itself too much for the *Journal*’s editors. “The German left’s proposal for a new currency trading system is the latest in a growing number of such pleas from international observers who feel that more control over financial markets could have helped to prevent the crises now roiling Russia and Asia,” the *Journal* wrote. “Mr. Lafontaine isn’t alone in his views in Germany.” Like *Die Zeit*, the *Journal* didn’t mention the LaRouche movement and its campaign for a New Bretton Woods system.

The BüSo party and its chairwoman, Helga Zepp-LaRouche, were covered, however, in the Rhine-Main section of the Sept. 3 *Frankfurter Allgemeine Zeitung*. That daily informed its readers that the BüSo campaign posters warning of a financial collapse had been spotted by its editors facing the entrance of the Frankfurt stock exchange. Quoting from the BüSo campaign platform, the daily wrote that Zepp-LaRouche is warning that “there will be a chain reaction-like collapse,” that the party is calling for an “orderly bankruptcy procedure” for the world financial and currency system, and that it wants a return to a gold-backed financial system and

stable exchange rates. "In the framework of a *New Bretton Woods system*," the daily reported, "national banks in the tradition of Alexander Hamilton and Friedrich List shall be established, the party program says."

However, this rather interesting portrait of the LaRouche movement's campaign was accompanied with the false epithet, "right wing." Here, the daily revealed once again, that it is a mouthpiece of monetarism, of the Frankfurt banking elite, and of the neo-liberal establishment. Whoever runs up against that constellation, is instantly profiled as a "bad person"; in Germany, the establishment usually calls them "a right-wing radical."

Recall that the establishment originally had planned to keep all the hot issues out of the election campaign, but the world economic reality had knocked so loudly, that it had become impossible to deny that something was going on "out there," outside the virtual reality of the campaign spin-docs. Some in the establishment decided that it was not possible to remain silent, and that some of the hot issues should be addressed, although in such a way as to create the false impression that the world financial crisis could be gotten under control within a modified version of the existing system. This motive, to claim that the sinking *Titanic* is not sinking, that it may be only listing a bit, is also behind Lafontaine's remarks.

Zepp-LaRouche speaks to German voters

But the reality has become too obvious to be denied. Many German voters, who for weeks before the *Frankfurter Allgemeine Zeitung* article appeared had seen BüSo campaign posters, know that none of the other political parties has shown the courage to address these hot issues. The re-regulation debate that has "hit the German race," as the *Wall Street Journal* put it, has been ignited by the campaign of the LaRouche movement in Germany. There is no other organization that ignited anything.

Therefore, when the first BüSo campaign spot was aired on Germany's second national TV channel shortly after the 10 p.m. news on Sept. 3, millions of Germans were reminded of who had told them months ago about the global meltdown crisis—in daily street organizing and leafletting campaigns outside the established media structures. "What I have been warning of, is now here: The international financial system is cracking," BüSo lead candidate Helga Zepp-LaRouche said in the address. "There is only one way out: a new, just world economic order, which makes peace and prosperity a reality for all peoples on our planet. We have to cooperate with China, India, and Russia, and integrate the Eurasian continent through the development of the Eurasian Land-Bridge." As a computer animation of Land-Bridge infrastructure projects was shown in the background, Zepp-LaRouche told her audience, "We in Germany can produce those machines and industries, which those nations urgently need for their development. . . . If you want 8 million new jobs in Germany, and the

overcoming of the world financial and economic crisis, then vote for me and the Civil Rights Movement Solidarity."

In other times, television campaign spots were two and a half minutes, but on the eve of this year's election, the media establishment and the political parties got together and decreed that television time is allegedly "too precious" to be "absorbed by the many campaign spots." The truth behind this censorship is that, by law, election campaigns force the media to report political views that they usually do not want to report. If they have to report, they want to at least make sure that they only have to do the absolute minimum.

The Central Bank sees no global crisis

But even the minimum is already too much for certain people in the banking community. A seminar in Frankfurt that occurred only a few hours before the BüSo spot was aired, made that clear. The Frankfurt Club of Economic Journalists hosted Hans Tietmeyer, governor of the Bundesbank (German central bank), on the ongoing financial turbulence. Tietmeyer said: "We have financial problems and crises in a series of countries and there are the effects of contagion here and there that must be taken seriously, but to say we're in a global financial crisis is going too far." With respect to Russia, Tietmeyer conceded that there "could be a case for using temporary capital controls," indeed. But, in general, countries should be cautious in imposing "re-regulation" measures such as trade barriers or capital transfer controls. The most recent stock market drops, Tietmeyer stated, indicate that "a certain healthy correction had been in the air." But, he declared: "I don't see a global depression on the horizon. We must watch out, but I see no signs of this coming. The events in Russia and eastern Europe have to be closely monitored, but at this point, I don't think the Russian crisis will lead to a German banking crisis."

Tietmeyer criticized the debate on the return to a global system of fixed exchange rates, on phony grounds that "the United States Congress would never authorize that." Is it possible that the head of the Bundesbank is not informed about the fact that there is a bill in the U.S. Senate which calls on the President to convene a conference on a new Bretton Woods, if the situation calls for that? It cannot be ruled out that a similar bill will be introduced into the German parliament, maybe not before the elections, but immediately after. The campaign for such emergency legislation for a new global system is already on—this is the campaign of the LaRouche movement in Germany. The worsening depression demands such emergency legislation, and it makes people like Tietmeyer sound ridiculous, out of touch with reality.

The election campaign spot of the BüSo will be aired three more times, on both national channels. And, there are thousands of campaign posters throughout Germany, which will ensure that the solution to the global depression are addressed in the remaining weeks before Election Day, irrespective of what the Lafontaines and Tietmeyers say.

LaRouche presents challenge of leadership to citizen activists

“Last Chance for Global Civilization: Now—Or Never in Your Lifetime” was the theme of the semi-annual conference of the Schiller Institute and International Caucus of Labor Committees, held on Labor Day weekend right outside Washington, D.C. More than 900 citizen-activists gathered under the auspices of the LaRouche movement, to discuss what must be done to meet the challenge of the worldwide financial collapse, which threatens to unleash chaos that would destroy the planet for generations to come.

Lyndon LaRouche keynoted the conference, through an audiotaped address on the subject of “The Challenge of Global Leadership.” From Germany, where he is still convalescing, the statesman engaged by telephone hookup in over two hours of dialogue with the participants, geared toward preparing them to seize the current moment of crisis, and provide the leadership required.

The second keynote was given by LaRouche’s wife, Helga Zepp-LaRouche, founder of the Schiller Institute, who addressed the gathering on the topic “Who Lost Russia? Toward a Union of Sovereign Nation-States.” Zepp-LaRouche used this speech to launch the public phase of a drive to win government-level support for implementing a New World Economic Order based on reestablishing national sovereignty. Her call, already signed by current or former government officials from 15 nations, was released at the conference (see below).

Backing up the keynote presentations were panel presentations on the subjects of American Exceptionalism, the current worldwide need for LaRouche’s New Bretton Woods system, and the principles of Classical musical composition, which represent an essential element of culturally preparing the world’s population to make the necessary axiomatic policy shifts.

During the concluding business section of the meeting, the participants launched two emergency initiatives. The first (see *National*), was a call for saving the U.S. Presidency *so that the President can address the global financial crisis*. The second was an agreement to the proposal by Zepp-LaRouche that the LaRouche movement convene at least 100 town-hall meetings during September, to mobilize the U.S. population for the immediate measures that must be taken by President Clinton to save the world economy.

Transforming souls

LaRouche’s speech was concise and hard-hitting. He began: “*The world is now in a crisis which is best compared to a world war. We must win the world war. If we do not win the war, everything else we do will be, in effect, a waste of time, and a waste of effort.* So, we must concentrate, always, on *winning the war*; that is, to exert the leadership which results in a transformation of the world as a whole, from a world dominated by what has led to the present crisis, the present threatened New Dark Age, into a new world, which is a world of reconstruction and recovery. *We must win that war, and we must keep our eye on that ball, and not be diverted by so-called ‘other questions,’ or ‘questions which must also be considered.’*”

Don’t worry about programs to be presented, LaRouche stressed several times. He and his associates have already presented competent ones. Concentrate instead on changing the *way people think*, transforming their souls. His most trenchant formulation, perhaps, was the following:

“Now, how are we going to win the war? *It’s impossible to change the world in time to save humanity, including the people of the United States, or East Oshkosh, for example, from a New Dark Age, unless the President of the United States changes his mind and behavior, from what he’s been doing up until now, to provide the world the kind of leadership role of the United States and its President which echoes the role performed by Franklin Roosevelt in the late 1930s, and during the war.*

“That’s number one. That’s the number one ball.”

In the remainder of his presentation, LaRouche described the transformations required in U.S. relations with China and Russia, which must be created by President Clinton’s leadership, and how the movement must approach changing Clinton himself.

We cannot simply say, “Support Clinton,” he noted, because of Clinton’s shortcomings, but Clinton has to shoulder his responsibility as President of the United States. “We must provide him leadership, so that he can provide leadership.” But at the same time, it’s necessary to deal with the other major problem, which is the degeneration of the populations of the United States and Europe, under the influence of the cultural shift of the last 30 years. Populations



Civil rights heroine, and Schiller Institute Vice Chairman, Amelia Boynton Robinson (left) introduces Schiller Chairman Helga Zepp-LaRouche, who keynoted the Labor Day conference sponsored by the institute and the International Caucus of Labor Committees.

are demoralized and stupider than before; they have to be inspired to change.

Ending on an optimistic note, LaRouche said: “We have the tools, we have all the knowledge needed, as to *how*, what blueprints are needed for rebuilding this world economy. But we will fail, unless we mobilize the inside of the heads of individual people, starting with the President of the United States, to cause each to provide the leadership, or play the other crucial roles that each must play, in order to make this attempt at a global reconstruction of civilization work.”

American Exceptionalism

The conference’s second panel addressed the potential of the American people to make the necessary change. Historians H. Graham Lowry, Anton Chaitkin, and Jeffrey Steinberg presented the real history of the American Republic, as the leading representative of a universal movement based on the republican principles of mankind created in the image of God. What was elaborated, answered the question, “What really is American Exceptionalism?” From Benjamin Franklin and John Quincy Adams, to Franklin Roosevelt and Lyndon LaRouche, the actual principles of this nation were presented.

Many listeners were shocked to hear the ideas of John Quincy Adams, who has been virtually written out of U.S.

history, and even those of FDR, whose anti-imperialist views have been suppressed in popular culture. “Now I understand where LaRouche came from,” said one guest, in reflecting on the panel. There was a rush for literature by participants eager to learn more, and to bust through common lies about such figures as FDR.

A New World Economic Order

Most of the second day of the conference was devoted to the world economic and financial crisis, and the political failures which have brought mankind to such a turning point.

Zepp-LaRouche’s presentation began with the state of the global financial breakdown, after which she demanded that her listeners face how this desperate crisis came about. What must be learned, she emphasized, are the lessons of the missed opportunity of 1989, the period when the Berlin Wall came down and there was an opportunity to forge a new relationship between East and West around LaRouche’s proposals for reconstruction.

Instead, what was done was, in Lyndon LaRouche’s words, “a crime against humanity.” Through the imposition of the Bush-Thatcher-IMF program on Russia, in particular, a horror was created, which could lead to a total breakdown, with even the use of nuclear weapons—not by states, but by

regions. The solution must be a shift to the policies LaRouche has laid out, in the tradition of FDR—and more, a cultural renaissance as well (see *EIR*, Aug. 14, 1998).

In the afternoon, a panel of six *EIR* desk officers backed up the conference thesis that the world faces either chaos, or global reconstruction. After a review of the financial disintegration by John Hoefle, Linda de Hoyos, Maximiliano Londoño, Dennis Small, Gail Billington, and Rachel Douglas presented vignettes of the devastation of Africa, Colombia, Brazil, Southeast Asia, and Russia, respectively. The horror of the current collapse was contrasted in each case with the potential for dramatic economic reconstruction, plans for which have, in many cases, been on the drawing boards for decades.

The most striking presentation, by all accounts, was that

on Russia, which included video footage from that nation on the degradation which even the nation's scientific elite has been put through, as well as footage from Lyndon LaRouche's warnings, from 1992, of what would happen if the IMF program was put into effect. A presentation by *EIR*'s Ramtanu Maitra, on the role of India in the drive for a new monetary system, was also read.

The last panel, dealing with principles of Classical music, featured Anno Hellenbroich, John Sigerson, and Kathy Wolfe, who used works of Mozart and Bach to demonstrate the method of motivic thorough-composition (see *EIR*, Sept. 4, 1998).

Transcripts of all conference panels will be made available in *EIR* and the *New Federalist*, and video and audio tapes are in production.

LaRouche: We must provide leadership

Here are Lyndon LaRouche's remarks, entitled "To Win the World War, We Must Transform the Soul of President Clinton and the U.S. Population," to the Schiller Institute-International Caucus of Labor Committees Labor Day conference, in Reston, Virginia, on Sept. 5. His remarks were delivered by audiotape. Subheads have been added.

I'll speak to you on the subject of leadership. By *leadership*, I mean to put to one side all ideas about presenting suggestions to various people as to how they should do things, put to one side local programs, local projects, all these sorts of things. And also, in a sense, put aside program.

The world is now in a crisis which is best compared to a world war. We must win the world war. If we do not win the war, everything else we do will be, in effect, a waste of time, and a waste of effort. So, we must concentrate, always, on winning the war; that is, to exert the leadership which results in a transformation of the world as a whole, from a world dominated by what has led to the present crisis, the present threatened New Dark Age, into a new world, which is a world of reconstruction and recovery. We must win that war, and we must keep our eye on that ball, and not be diverted by so-called "other questions," or "questions which must also be considered."

Let me make this clear. As far as a program is required, the program required to take this world out of its present mess, and to launch a program of reconstruction worldwide, which will permit the solution of most of the leading problems of humanity, that program is already defined. *It need not be invented again. It has been invented. We've presented it.*

The events of the recent period have demonstrated that our argument, my forecast, the forecasts of my associates, have been correct. The program we've presented, is based on the same considerations as those forecasts, which means that what we've prepared, as a program, is correct, and all of the alternatives are wrong. So we simply have to go with the program we already have for reconstruction.

What is needed, is to realize that the reason the world is in the mess it's in, is not merely because we've had bad leadership. We've had bad leadership for over 30 years. That is, we've had a shift, for over 30 years, from policies of, say, up to 1963-64, which worked, despite all their shortcomings. And beginning 1964 through 1972, we introduced in the United States and globally, policies which do not work, or work to the effect of destroying the world economy, destroying society—destroying people. A policy which is headed toward Hell.

Now, the problem is not merely that leadership has provided bad advice, or introduced bad principles, although they have. The problem has been, that most of the institutions, and the so-called average people in society in the United States and other nations, *have accepted* these changes. And therefore, their heads don't work properly. Because even if you give them a correct program, they won't carry it out.

Why? Because their heads have been scrambled to fit this post-industrial, utopian New Dark Age/globalization/free-trade psychosis. And as long as people think in the ways that they learned to think, in order to live in the world of post-industrial society and the world of globalization, the world of free trade; as long as people continue to think with the habits

of mind associated with the past 30-odd years, there's no chance, even with the best leadership, that the United States and other nations will survive.

So therefore, what we have to concentrate on, is changing the inside of the individual heads of a lot of people, beginning with the President of the United States. We have to change the characteristics of individual human behavior, the mental characteristics of individual human behavior. In a sense, to go back to the way we used to think before 1964-72, not quite that, but that's a good comparison.

The President must change the way he thinks

Now, how are we going to win the war? *It's impossible to change the world in time to save humanity, including the people of the United States, or East Oshkosh, for example, from a New Dark Age, unless the President of the United States changes his mind and behavior, from what he's been doing up until now, to provide the world the kind of leadership role of the United States and its President which echoes the role performed by Franklin Roosevelt in the late 1930s, and during the war.*

That's number one. That's number one ball.

Now, the President of the United States can not do this alone. He needs the support of the American people, or at least a lot of them, of course. But also, he needs partners. Not only many partners, but certain partners are crucial.

For example, the only major nation on this planet, which has been functioning successfully for the past 20 years, is China. Every other nation has been a failure, in terms of its general direction of performance. China, which has probably one of the best governments in the world today, in terms of the quality of leadership, the kind of quality of leadership required to get through crisis, is one of the strong forces in the world, and is a key factor, both in Southeast and East and South Asia; as with its potential collaboration with India, its collaboration with nations of Southeast and East Asia, its collaboration with countries in Central Asia. Its important relationship to Russia, for example, even though Russia's a mess — the relationship of China to potential cooperation with India, Russia, and nations of Central Asia, is crucial. Therefore, the relationship of Clinton to China, and to the other nations with whom China has a natural partnership in Asia, and Eurasia, is crucial.

A return to American System methods

However, we're not going to get out of the mess simply by a good partnership. We're going to have to transform the world technologically. That is, we're going to have to go back to what used to be called the American System, in which science, working together with the machine-tool-design sector, is transmitting new technologies, not only in the sense of big projects, but into every pore of society, improving the productive powers of labor, improving the quality of product, and so forth. We're going to have to provide that to all parts

of the world. If we don't, we can not have the kind of reconstruction program which we need.

China does not have that kind of capability. It has some machine-tool sector, it has some science. No country in South Asia, or Southeast Asia, has that kind of capability. No country in Africa even approaches that kind of capability. Argentina used to be a leading country of that sort, a machine-tool country. That was destroyed successfully, since the end of World War I. Brazil had potential, but that's being destroyed. Mexico could have had that potential, but that was prevented in the 1970s, and then, from 1982 on. Kissinger and Brzezinski were key factors in that problem.

What we're going to have to do, is we're going to have to mobilize countries which used to be the world's big machine-tool-design exporters, to crank them up, not only for their own domestic needs, for restoring domestic progress, technological progress, domestic increase in the productive powers of labor. We're going to have to supply this technology, or this flow of technology, into countries which do not have good, solid machine-tool-design capabilities.

The countries which traditionally have this kind of capability include the United States, Germany, Japan, some other countries in a lesser degree in Europe. We're going to have to mobilize those countries as major exporters on long-term agreements — that is, long-term credit and other agreements — with these countries of Asia, and so forth, for a global recovery program.

A crime against humanity

We're going to have to also revive Russia. Now, what has been done to Russia, is a crime against humanity, particularly since 1989. *Everything that was done in the name of reform in Russia, was wrong, criminally wrong, if not just criminally stupid, as some of those proposals that have been made from the United States.*

Russia's potential lies, not in its raw materials, or becoming a raw materials exporter. That was *crazy, that was stupid. It has to stop.* Russia's potential, like that of any industrialized nation, lies in the effective utilization of its most skilled section of its productive labor force. This includes farming, of course, good farming. It includes good industry, good manufacturing, good infrastructure, all those things. *But especially, a modern industrial nation rises or falls on the quality of both its agricultural progress, technological progress in agriculture, and, in the same sense, in its machine-tool-design sector, the most advanced, science-driven sector of making machine tools that make machine tools.*

Now, Russia had such a capability in the Soviet Union. This was called the military-scientific-industrial complex of the former Soviet Union, which has been now largely wrecked. But elements of these institutions, as typified by the Russian space program, still exist — in bad repair, but they exist. The people exist. Russian skilled scientists and related technicians still exist.

If we can mobilize Russia for itself, to rebuild itself not as the kind of mess that Viktor Chernomyrdin and company have built, but help it to mobilize itself as, in a sense, on an emergency war economy kind of basis, to get its people back to work, to rebuild and reactivate its machine-tool-design potentiality, which was formerly located in the military-scientific-industrial complex, then Russia can become a major contributor, especially in parts of Asia—East Asia; China; South Asia, as in India; Southeast Asia; and into, also, Africa—can provide a massive flow, a growing export of machine-tool-design capability, working in partnership with the same kind of effort from the United States, from countries in Europe, such as Germany, and from Japan, if we can get Japan back on the ball, so to speak.

So, the President of the United States must bring this kind of leadership to nations, that is, the nations I mentioned are not the only ones, but these are the core nations, around which other nations can group themselves for the kind of undertaking which is required, for a global economic and moral reconstruction of this planet.

Giving leadership to Clinton

For that, we require leadership. We can not simply say, “Support Clinton.” Well, Clinton often does the wrong thing. He’s not a bad guy. I don’t know about some of the things he does or does not do, or is alleged to do. But I know that he often falls short of the requirements of leadership. But we’ve elected him as President. And as President of the United States, he must, as President, be the person who takes the responsibility for the initiatives which are required to save this planet. Not all of the initiatives, but he must play a key role, to permit the other parts of the planet to function: China, East Asia, Southeast Asia, Europe, and Russia, and so forth. He must do that.

We must provide him leadership, so that he can provide leadership.

Now, we also have another problem, in addition to that kind. The other problem is, the degeneration of the moral and intellectual quality of the populations of the United States, of the nations of Europe and other parts of the world. If you go back to the 1950s and early 1960s, and if you can recall the way people thought, what they knew, what their cultural level was, what their intellectual level was, you would recognize that during the succeeding two generations, over the past 30 to 40 years, that the quality of the populations of the United States and Europe in particular, the intellectual, the moral quality has collapsed.

And this is particularly true since the 1968-1972 period of change. People are less intelligent, less moral, less capable than they were then. This change, this degeneration in the qualities of our population, or our younger generations in particular, has been, in a sense, deliberate. Our people have been conditioned to operate on a morally inferior level of functioning.

For example, think today: How many members of the U.S. labor force, if they were taken into a modern industrial plant, using modern technology, how many of them would be qualified for employment in those plants, in those jobs? As opposed to, the great number of people who, in the period of the 1940s—World War II—or of the 1950s, or of the 1960s, were capable of performing those jobs?

We have destroyed not only the skills, the productive skills, but the productive skilled potential of our own population in the United States. We’ve also made our people less rational. People today are much less rational, than they were 30 years ago in the United States. The same is true in Europe.

For example, let’s take the case of Germany. Under Willy Brandt, who was owned by many people—that is, many sponsors, including John McCloy, and also various other governments, not with all of whom John J. McCloy would have agreed—Brandt introduced, under his sponsorship, an educational reform bill in Germany. The result of this educational reform bill, called the Brandt Reforms, has been to take a German population, which was of a very high quality because of its previous Classical-humanist education system, and taken from the same families, people of the same backgrounds, and has made them today, almost non-functional.

The level of literacy, the level of developed intelligence of the typical German today, from the generations which were graduated from secondary schools after the 1970s, is much lower, qualitatively lower, than the populations from the same families of the same general backgrounds, prior to 1970 and 1972. It’s visible, in many ways.

Therefore, we can define a program—we have defined a program—for reconstructing the world economy. The program will work fine. Our big problem, is two. Number one, to get leaders such as Clinton to do the things they *must* do: to provide them the leadership they must have, to provide for them in turn to play the leadership role which they must play.

Secondly, we have to recognize that *the population, in its present state of mind, would fail to fulfill the performance objectives of this program*, because of what’s happened to their minds, the minds of the population, over the past 30-odd years. Therefore, we must make our people, our ordinary people, from all walks of life, aware of the shortcomings which have been introduced into the way they think.

A similar experience during World War II

A similar thing happened to many of us, some 50-odd years ago. We went to war. Now, I was a little non-com, lowest level, in that war. And I was involved in the training command for a while, before going overseas. And we brought in each batch from the streets, from the buses and the railroads, we brought in people from every nook and cranny of U.S. society, virtually. We put them together in training platoons

in the training centers. And we cleaned them up, we educated them, we made them functional.

The first step of this was, of course, in the CCC. The first major reserves we had for mobilizing divisions for World War II, came out of the Civilian Conservation Corps, which were turned into a military force, essentially, and were a key part of our military mobilization.

So, our problem was, coming out of the 1920s and the 1930s Depression, was to take a shattered, demoralized population, shattered by the effects of the Flapper Era, by the effects of the Depression, to mobilize them, to re-educate them, to motivate them, to change their attitudes, to make them more optimistic, to create a fighting force to rebuild the world economy, especially the U.S. economy, and to deploy this force internationally.

We did it. The big challenge for us today, is to not only change the mind of the President and people around him, to bring them up to a higher level of thinking and discipline, and commitment, but also to think of our general citizenry, who are demoralized, who have lost the mental skills for making decisions which their parents had, or maybe they had 30 years ago. To remoralize them, to encourage them, to make them aware of what the problems are that they're going to face in their attempt to perform within this global reconstruction.

That's our job. That's the job of leadership. We must not simply go out and be practical people and say, "Okay,"—like a wise guy—"Look, fella, I'm telling you what you've got to do," eh? And walk away as if somehow, you've solved the problem by giving that instruction. That is not going to work. You're going to have to deal much more seriously with your friends and neighbors, and people you meet otherwise, to realize they need something else. They don't need to be merely kicked and told what to do, or be given suggestions, and then you walk away, and see if they carry them out.

You've got to recognize, that we're going to give people instructions, which, at the present moment, they are psychologically incapable, intellectually and culturally, of carrying out. Just as we took people off the streets, and drafted them into World War II, and turned the disheveled and confused draftees into an effective military force, we're going to have to remoralize our people. We're going to have to make them aware, of what the higher level of thinking is. We've got to have them become *less mediocre, more moral, more optimistic—eh?—more self-respecting.*

And that's the job we have to do. And that's the job we have to focus on. We have all the tools, we have all the knowledge needed, as to *how*, what blueprints are needed for rebuilding this world economy. But, we will fail, unless we mobilize the inside of the heads of individual people, starting with the President of the United States, to cause each to provide the leadership, or play the other crucial roles that each must play, in order to make this attempt at a global reconstruction of civilization work.

Call for a union of sovereign nation-states

Helga Zepp-LaRouche released the following call at the ICLC/Schiller semi-annual conference on Sept. 6. Its first endorsers include a former President and a former Prime Minister, other former government ministers, former and sitting national legislators, and religious, civic, and political leaders from throughout the world.

The world is now faced with what could become very fast the worst financial crisis in world history. As the cases of some of the victims of the present global crisis demonstrate, chaos, hunger, and epidemics cost innumerable lives, and potentially threaten hundreds of millions, if not billions of people's existence. Since all the leading international financial institutions, led by the International Monetary Fund, failed to protect nations, their economies, and their people, nothing less than a radical reorganization of the global financial system, will be sufficient to prevent an early, chain-reaction disintegration of the present international financial and monetary systems. Although this is not said publicly, within the corridors of discussion among leading circles in various important governments, and elsewhere, the need for such a radical reform, of some kind not yet defined, is now understood to be the only possible alternative to the presently ongoing, global financial and monetary catastrophe.

The time has come, that some agency must introduce the discussion of the early design of such a radical reorganization.

The cornerstone for building any successful reorganization must be in the form of a new quality of partnership between the part of the world which is relatively most advanced technologically, and the part which represents the nations with the largest populations.

What is needed to this end, is the creation of a system whose leading features are akin to the pre-1959 period of the Bretton Woods system. The means required include the establishment of relatively fixed parities among national currencies, and just levels of price-stability among key commodities of international trade, primary commodities most emphatically. The objective is to generate large flows of long-term, low-cost credit for supplying needed machine-tool-design technologies and basic economic infrastructure into politically stable societies of the so-called developing sector. In such a new Bretton Woods system, the voice of the developing countries must be equal to that of the industrial nations.

In such a partnership, the U.S.A. should play a key role from the side of the relatively more technologically advanced

economies. On the other side, China and India are keystones for long-term, large-scale development of East, South, and Southeast Asia. Russia, presently an impoverished nation, but with precious machine-tool-design potential in its former scientific-military-industrial complex, is a crucial partner for both China and India, both in respect to Eurasian economic development as such, and for contributing to stability within the nation-states of Central Asia. Other countries, also from Africa and Latin America, hopefully can be grouped around this.

Such a reorganization will require the immediate write-off of tens of trillions of U.S. dollars' nominal valuation of highly speculative financial assets, such as "derivatives," while stabilizing the medium- to long-term valuation, at arbitrarily low yields, of people's savings and agro-industrial and infrastructural capital assets. One must think in terms of a decade of management of partially "frozen" assets, as a period in which the world economy and its nations can build their way up out of the presently catastrophic financial situation.

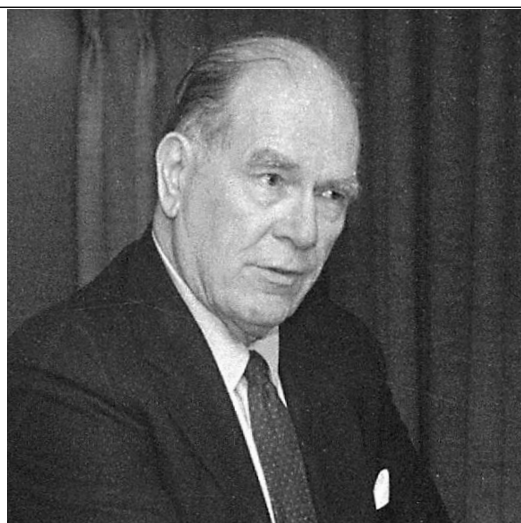
The principles of such a new world economic order must include a complete rejection of geopolitics and technological apartheid. It must be based on the Inalienable Rights of All Peoples on the planet, which can only be protected if it is

based on the principles of physical economy. Since it is only the creativity of the individual, and his or her ability to continually generate scientific and technological progress, which is the basis of the wealth of nations, there must be free access to technology for all nations without exception, in order not to delay the possibility for development.

The design for the New World Economic Order should also include collaboration among such countries as the U.S., Russia, China, India, Pakistan, and others, to develop a new version of the SDI-based technologies based on new physical principles and their application also in the civilian economy as a science-driver to increase the productivity of the world economy.

The new world economic order must put to rest forever, all forms of imperialism, colonialism, and oligarchism, and, rather than looking at foreign policy as a long list of "mistakes" and "wrongdoings" of the other nations, it should be based on respect for the best cultural traditions of the others.

The universal history of mankind has reached a point, where we are all sitting in the same boat: We face either a new Dark Age together, or a global new Renaissance. Let us therefore form a new alliance of sovereign nations with the aim of realizing a just New World Economic Order in the near future.



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On the military conflict in the Great Lakes Region of Africa

by Godfrey Lukongwa Binaisa

Mr. Binaisa is the former President of Uganda, and chairman of the Africa Civil Rights Movement.

Uganda's military aggression against the Democratic Republic of Congo is a blatant violation of international law and an affront to the Charter of the United Nations and the Charter of the Organization of African Unity (OAU). As a Ugandan patriot and a staunch pan-Africanist, I have learned with great disquiet of Uganda's military adventure in the Congo.

President Yoweri Museveni has argued that the need to protect Uganda's national interest and to secure its western borders against infiltration by Uganda guerrilla forces opposed to his regime compelled Uganda's military involvement in the Congo. This argument dissembles the truth and does not stand up to scrutiny. The truth of the matter is that Uganda is the aggressor, because it launched the attack against Congo by clandestinely fomenting and supporting a rebellion against a sovereign state and then coming out openly in armed aggression against a state that has no designs on Uganda.

This act of aggression by Uganda forms a pattern of aggression by President Museveni against neighboring African states. Between 1986 and 1990, Uganda recruited and trained a guerrilla army led by Brigadier Odongo against the government of Kenya. In 1990, and then in 1994, Uganda invaded Rwanda and sponsored a guerrilla war that sparked off the genocide in Rwanda and displaced millions of people throughout the Great Lakes Region. In 1997, President Museveni sponsored a rebellion in the then Zaire, while assuring the OAU and the rest of the world that he was in fact mediating the conflict in Zaire. From 1986 to 1998, President Museveni has sponsored the Sudanese People's Liberation Army against the government of Sudan. The government of President Museveni has emerged as a powerful neo-colonial regime whose militarism has destabilized the whole region of East and Central Africa. The only parallel in history to Museveni's militarism is Hitler's Germany.

Uganda is a poor country that relies heavily on foreign aid for its operating budget. Where does Uganda get the money and the arms with which to finance and sustain a cam-

paign of terror and aggression in Africa? Who are President Museveni's sponsors? Who stands to benefit from wars and genocide in the very heart of Africa? And what has the government of President Museveni done to combat mass poverty and illiteracy and disease? In short, whose agenda is President Museveni sponsoring in Africa?

A call to condemn aggression

I call upon all Africans who value peace and development to come forward to condemn and resist this aggression unreservedly. The lesson from Munich is that evil and aggression, however banal they might at first appear, should never be appeased or tolerated.

The question to be asked is where are the leaders of the Christian and Muslim churches in Africa in the face of such blatant aggression? When will the churches condemn what is happening in Uganda and in the Great Lakes Region? Where are the human rights and humanitarian groups? And where are the United Nations and the Organization of African Unity?

I call upon the political leaders, and particularly those who took part in the struggle for independence and subsequent resistance to various dictatorships, to state their stance categorically. History will remember what we say and do today. This is why I congratulate the following leaders: President Robert Mugabe of Zimbabwe; President Jose Dos Santos of Angola; President Sam Nujoma of Namibia; and other leaders who will no doubt soon join this golden roll of honor of African freedom fighters.

As a sovereign state, the Democratic Republic of Congo has the right to self-defense and has the prerogative under international law to ask for and to receive both unilateral and multilateral assistance from any country. This is the sacred right of every sovereign state. Consequently, assistance to the Democratic Republic of Congo must be distinguished from support for the rebel forces, which support is illegal under international law. Nothing less than the principles of national sovereignty and territorial integrity are under attack by those countries which have instigated and sponsored the invasion of and the war in the Congo. Uganda and Rwanda must be condemned in no uncertain terms for their invasion of the Democratic Republic of Congo. It is morally imperative that the international community must not treat the aggressors the same way it treats the victim of the aggression.

Africa rejects being used as a guinea pig upon which to experiment the so-called new ideas of government, which are nothing more than open tyranny by one man, and the imposition of a minority rule over the great majority of our people, merely because they are armed to the teeth with foreign support. We have learned one indelible lesson from slavery and colonization — the foreign oppression and domination require indigenous collaborators. After slavery and colonialization, we must never allow Africa to be subjugated again.

May God bless and defend Africa.

Iran, one year after

Muriel Mirak-Weissbach reports on the challenges facing Iran, since her visit last year, shortly after the new President was inaugurated.

In every country, there are discrete events which come to embody, as if in a metaphor, the entirety of a certain development, of particular poignancy and importance to the popular consciousness. Such events for an American, would include the War of Independence against Britain, summed up in the Declaration of Independence; the Civil War, and the Emancipation Proclamation by Abraham Lincoln. More recently, Americans would recall Martin Luther King's march on Washington in 1963, or other great events associated with the civil rights movement, as marking epochal changes.

In the Islamic Republic of Iran, whose history has been very different from that of America, such decisive reference points in the popular consciousness include the 1979 revolution, and the Iran-Iraq War, known as the imposed war of 1980-88. Last year, another such shift occurred, signalling potentially the inauguration of a new phase in the country's history. This, the election of Seyyed Mohammad Khatami to the office of President of the republic, has been summarized in the metaphor of May 23, the date of his winning office. In August 1997, Khatami was officially inaugurated President, and in the year since that moment, Iran has been going through a history-making process.

This writer had the opportunity to visit Iran in July 1997, in the transition period between the Presidential elections and Khatami's officially entering office, and to breathe the spirit of expectation, hope, and social tension which accompanied the development. What follows here is an attempt to analyze the meaning of May 23, by assessing the process which has unfolded over the past year, and to identify the principles which may govern alternative possible courses of development in the future.

The paradoxes of the Khatami victory

The essence of metaphor is paradox. The elections of May 23, 1997, presented to the world outside Iran, the paradox of a country, characterized (if not caricatured) in the international media as controlled by an entrenched, conservative clergy, tied to backward latifundist and trade economic interests among the *bazaaris*, suddenly bringing into power a man identified as in opposition to those interests. Also, the overwhelming margin of victory he gained, 69% of the vote, delivered by an unprecedented number of registered voters who

turned out, and kept polls open hours beyond their schedules, clashed sharply with the stereotyped image of a population numbed by a controlled political environment. That the largest bloc of pro-Khatami voters, was made up of women, young and old, as well as students, was a further challenge to the cliché view of the oppressed status of these layers in Iran. The mere fact that the elections took place as they did, meant that the democratic process had prevailed.

At the same time, the conservative clergy, fully entrenched, was *not* simply swept out of Iran's political universe by the elections. On the contrary, if the election campaign had witnessed a knock-down, drag-out battle of ideas between the two camps, led by Khatami and the conservative candidate, Speaker of the Majlis (Parliament) Nateq Nouri, the process which unfolded after the results had been made known, was to be no less brutal, and, at times, violent.

Khatami's extraordinary victory, came in response to three fundamental areas of concerns which the candidate efficiently addressed: first and foremost, the need for changes to be introduced into state economic policy, to solve the crisis being felt especially by the younger generation, in terms of high rates of inflation and unemployment. Pre-election polls published in the Iranian press, documented the population's overriding concentration on economic issues: unemployment, inflation, housing. During his campaign activities, the candidate Khatami focussed on his commitment to achieving economic justice.

The most revolutionary aspect of Khatami's campaign involved his treatment of the other two top agenda items: his outspoken commitment to modernization of social life in the country, and, concomitantly, his defining a positive, healthy relationship to the West, long stamped as enemy number one. To appreciate the truly revolutionary character of this intervention, it is important to recall, that since the 1979 revolution, anything associated with the West—not to mention the United States, the great Satan—was considered dangerous, hostile, blasphemous, and degenerate.

In his frequent campaign appearances at universities, speaking to students, Khatami would develop his concept of relating to the West, in terms which were later to be elaborated in the concept of a dialogue of civilizations. The main point he developed in addressing student audiences,



Isfahan Square, Tehran. The city of Isfahan was built under the Safavid dynasty (1502-1736) as the capital of Persia. Its magnificent mosques, palaces, and bazaar, represent a high point in Islamic architecture, which is reflected in other great cities throughout Central Asia.

was the need to understand the West, “knowing about its advantages and disadvantages. We cannot confront the West blindly,” he said. Furthermore, he said that Iranian society would find its salvation in “a critique of the West and modernization, and another [critique] of tradition.” Only through such an understanding, would Iran have the power to construct society, he said.

The hope, therefore, expressed in the overwhelming mandate given Khatami on May 23, was that he would follow through on his promises, against the stolid resistance of the conservatives, introducing economic and social reforms inside Iran, as well as launching foreign policy initiatives to restore its relations with the enemies of the past.

A crucial factor in Khatami’s victory was the decision, on the part of the forces associated with his predecessor Hashemi Rafsanjani, to throw their weight behind him. In Rafsanjani’s two terms as President, from 1989-97, he had engineered the effort to rebuild the country’s basic infrastructure, from the ravages of the Iran-Iraq War of 1980-88. Rafsanjani expanded the reconstruction process, by launching a series of infrastructure projects not only domestically, but in cooperation with neighboring countries. Following the dissolution of the Soviet Union in 1991, Iran, under Rafsanjani’s leadership, wisely moved to establish diplomatic relations with the newly independent Central Asian Republics, and to forge economic cooperation agreements based on building transportation infrastructure which would give the landlocked Central Asian Republics access to world markets through the Persian Gulf ports, and give Iran access to trade relations with Central Asia, and beyond, to Asia, especially China.

The political faction associated with Rafsanjani, the Cadres of Reconstruction, mobilized their substantial political base behind Khatami, significantly tipping the scales in his favor. The endorsement was not only political, but institutional, in the sense that the outgoing President, Rafsanjani, was nominated to be the head of the Expediency Council, a mediating organism between the Guardian Council and the Majlis, which had also been endowed with a consultative function for the government, on economic, foreign policy, and defense issues. Rafsanjani’s takeover of this position aimed at ensuring that conflicts with the Parliament, still under the rule of Speaker Nouri and a conservative majority, would not be allowed to paralyze important government initiatives. Most importantly, Rafsanjani’s leadership over the Expediency Council would mean that the reconstruction and infrastructure development thrust associated with his Presidency, would be continued under the new government.

The Khatami Presidency

The situation the new President faced, on taking office, was challenging: On the one hand, he had a social and political mandate which any political leader of the West would rightly envy; on the other, his country was experiencing the repercussions of the so-called Asian crisis which broke out in the summer of 1997. His political adversaries inside the country had not given up the fight, but were poised to place obstacles in his path, and to directly challenge his political rule by targetting his closest associates, with politically motivated legal cases. The most celebrated of them, to date, was the case of Tehran Mayor Gholamhussein Karbaschi (see box, p. 54).

The first open challenge came inside the Majlis in August, when members of Parliament were called upon to ratify the cabinet appointments presented by Khatami. Militant resistance was posed against those nominees whom the conservative wing associated with the West. During a faction meeting of the 160 parliamentarians in the right wing, shortly before the confirmation hearings, the group contested the candidacy of several nominees, among them Ataollah Mohajerani, nominated to be Minister of Culture and Islamic Guidance. Mohajerani had caused an uproar in 1990, when, as vice president under Rafsanjani, he had publicly proposed that Iran open direct talks with the United States. Another nominee, Dr. Kamal Kharazzi, who had served eight years as Iran's permanent representative to the United Nations, and thus had precious experience to utilize as Foreign Minister, was attacked in the right-wing newspaper *Jomhuri Eslami* in the following terms: It is not fitting that a person who has lived in the United States, whether as a student or as UN ambassador, be in charge of the foreign policy of a nation that considers the United States its greatest enemy.

Despite such outspoken opposition, a majority did confirm all of Khatami's 22 nominees, as a result of political calculations and maneuvering which were to be repeated in the future. Knowing that the popular mandate for Khatami was real, the conservative leaders chose to acquiesce rather than risk the possibility that political conflict inside the Majlis might turn into social clashes in the street. Both the Supreme Leader of the Revolution, Ayatollah Khamenei, and the defeated candidate Majlis Speaker Nateq Nouri, reportedly intervened to broker a compromise, to ensure ratification of the cabinet. Khamenei acknowledged as much when he publicly thanked Nouri for his tactful conduct in the delicate task of handling the confirmation hearings.

Another aspect of the vote, as pointed out in an *Iran News* commentary on Aug. 25, 1997, was that it showed an actual shift in the composition of the majority. According to commentator M. Serjoe, those who ended up voting against the most hotly contested nominee, Mohajerani, were only 96, as opposed to the 130 or 140 majority which the right had always claimed it commanded. What happened in this vote, was that the independents had abandoned the right-wing faction, and voted with the government forces. This meant, that the die-hard rightist partisans number only 96, a fact which reflects the political shift expressed in the elections themselves.

Among Khatami's new cabinet members, were 17 new faces, and 5 from the earlier government. The majority of the ministers were engineers by training, many of them educated in the United States. Politically speaking, the cabinet brought together Khatami's closest collaborators, plus members of the Rafsanjani current, as well as some leftists and a few conservative clerics. For the first time in the history of the Islamic republic, a woman was named to be a cabinet member: Mrs. Massoumeh Ebtekar was named vice president, with special responsibilities for environmental issues.

Khatami focussed on fulfilling the three major campaign pledges he had made: improving the economy, relaxing social and political restrictions inside the country to foster a more open political debate, and reintegrating Iran in the community of nations, including those of the West.

The most immediate results which the population could perceive, were in the social and cultural realm. In 1998, the formation of political parties was officially allowed, among them the Islamic Iran Solidarity Party, and the Servants of Construction, or the group of Six, around Rafsanjani, which had supported Khatami's election bid. In parallel, new publications began to appear, rapidly increasing the number of newspapers and magazines available to a literate and politi-

Political tug-of-war: the Karbaschi case

The most serious challenge to the new political ordering ushered in with the government of Seyyed Mohammad Khatami, came in April of this year, when Tehran's Mayor, Gholamhussein Karbaschi, was detained on charges of corruption. Karbaschi is a leading political figure, from the Cadres of Reconstruction current, associated with former President Hashemi Rafsanjani. Karbaschi is also personally a close associate of the new President. Karbaschi had succeeded in transforming the nation's capital into a modern city, with functioning transportation infrastructure, modern distribution outlets, recreation areas for youth, and so forth.

The arrest and detention provoked immediate protests from Karbaschi's political allies, who did not hesitate to denounce the move as a politically motivated attack on the new President, by those conservative layers still in control of the judiciary. A group of 687 mayors from across the country sent an appeal to Khatami, asking that he investigate the detention, while evidence emerged that Karbaschi was being subjected to intensive interrogation under detention, and his human rights violated.

On April 8, the Supreme Leader of the Revolution, Ayatollah Khamenei, summoned the heads of the three branches of government to a meeting "to exchange views on the issue of the mayor of Tehran." At the meeting, which brought the arch-rivals face to face, Khamenei "asked the heads of the executive and judiciary branches to coordinate fully in matters related to the file and . . . fully observe the laws of the nation and justice and submit a full report . . . to the Leader." According to a statement later released by the government, no progress was made at the meeting.

With Karbaschi still in jail after a week, students began

cized public. Between August and December, the new government issued licenses for publications of various sorts, political, sports, culture, economics, etc., doubling the number on the market. The Culture Ministry was issuing ten licenses per week, and 991 new titles had been authorized by year's end, 59 of them daily newspapers. This has not proceeded without a struggle. The conservative opposition has wielded the power which it still holds inside the apparatus of the judiciary, to shut down a number of publications, on trumped-up charges. Khatami himself had had ample experience in this fight, back in 1992, when he was Minister of Culture. His moves to liberalize culture, especially in cinema, had led to his being sacked by the conservatives.

Launching the foreign policy challenge

In the foreign policy realm, what Khatami did was nothing short of revolutionary. On Jan. 7, 1998, he addressed the American people, through the format of an interview with CNN. The mere fact that the President would do such a thing, it must be stressed, was considered a crime against the most cherished myths of revolutionary Iran. What Khatami said in the interview, was considered a further outrage, not only by the conservative clergy, but also by many social layers who had otherwise enthusiastically endorsed his candidacy.

The reason lies in the fact, that Khatami dared to question the popular axioms of belief, not only in the American people

to organize demonstrations, although the government had specifically requested that no rallies take place. Demonstrations were reported at Tehran University, where clashes broke out and arrests were made. At an event held at the Interior Ministry on April 15, parliamentarian Faezeh Hashemi, the daughter of former President Hashemi Rafsanjani, made a speech defending Karbaschi from the embezzlement charges. Her words were met by chants from protesters, who shouted, "Plunderer of public wealth must be executed." This led to clashes, with arrests and injuries.

All these violent confrontations were reported in the Iranian daily press, which carried continuing editorial comments, defending or attacking Karbaschi in brutal terms.

A solution is engineered

Finally, on April 15, Karbaschi was released from prison, but still had to stand trial. What went on behind the scenes, to secure his release, again demonstrated the careful maneuvering undertaken by rival political factions, all aware of the dangers of an escalating confrontation. According to reports in the Iranian media, Rafsanjani, as head of the Expediency Council, played a central role. Rafsanjani met with Ayatollah Khamenei, and received agreement for Karbaschi's release. Thereupon, President Khatami wrote to Khamenei, requesting the release.

By April 19, the crisis seemed under control. Ayatollah Khamenei and Rafsanjani both appealed to the population to preserve "unity and solidarity" and to avoid exacerbating social tensions. Clearly, it was at the point that the conservative faction, including the highest authority Khamenei, perceived the danger that the factional struggle among politicians could spill over into civil disturbances in the street, that they decided to engineer a solution.

Karbaschi did stand trial on charges of embezzlement of public funds, misconduct in government activities,

wasting public property, and bribery. He was convicted of all except the bribery charges. The sentence announced on July 23, was five years in prison, 60 lashes, and a fine of 1 billion rials (equivalent to \$333,333).

In addition to the unusually harsh sentence — including the 60 lashes, albeit postponed — Karbaschi was informed that he would be banned from holding any government position for 20 years. This is clear proof that the entire affair was politically motivated.

The Karbaschi affair, though temporarily cooled off, is by no means over. While his appeal has been filed, there have been further political repercussions. Interior Minister Abdollah Nouri, who had openly defended Karbaschi, was impeached by the Majlis as a result, with a vote of 137 (of 270). Nouri had not only defended Karbaschi, but had attacked his accusers. Although the Majlis, still under the sway of the conservatives, had won one battle by removing this Khatami man from office, Khatami succeeded in co-opting him as Vice President for Development and Social Affairs. In addition, Khatami managed to have a political ally, Abdelvahed Mousavi Lari, ratified as his nominee to succeed Nouri.

As for Karbaschi himself, it is possible that he may try to present his candidacy for the next Majlis elections. Were he to be accepted as a candidate, for example, following release from prison, he would most certainly win by an overwhelming margin of votes. However, in the Iranian political system, candidates must be authorized by the Guardians Council, the upper house of the Majlis. Were this group to reject Karbaschi's candidacy, and popular support for the former mayor were to remain strong, then the political conflict could develop into an institutional crisis, in which the system as a whole were called into question.

Although such scenarios are hypothetical at this point, they are important to bear in mind, to understand the nature of the political process in Iran today.

he was addressing, but in his own population, regarding Iran, the Iranian revolution, and the nature of Iranian-American relations. That an Iranian leader should make positive statements about American history, as Khatami did, was viewed inside Iran with more than suspicion. Some considered him a traitor, *tout court*.

The interview constituted a political act of the first order. Khatami's basic thesis was, that the Iranian-American hostility dating back to the 1979 revolution, could and should be overcome, from the broader perspective of the history and civilization of both countries, which demonstrate not animosity but commonality in principle. Khatami spoke of his appreciation for American civilization, referring to Plymouth Rock, and the Puritans, as a religious sect whose vision and characteristics, in addition to worshipping God, were in harmony with republicanism, democracy, and freedom. Distinguishing between this positive tradition of America, and the opposite faction of adventurers, pirates, and slave-traders, Khatami stressed that America's true tradition was based on the idea that religion and liberty are consistent and compatible. Reviewing Iran's own history, Khatami presented his nation's struggle for independence from colonialism, for constitutionalism, and sovereignty, in terms which should be comprehensible to Americans. Khatami identified the source of conflict between the United States and Iran, in what he termed a flawed policy carried out by the United States in the postwar period. This flawed policy, he said, had dashed the hopes of the people of the colonized world who had placed their trust in the U.S. struggle for independence, and when the policies for domination were implemented in the name of the American people, the nations lost their trust in the Americans. The solution he proposed, was, essentially, that the United States should revive its own past noble tradition of the fight against colonialism and for national sovereignty of all nations.

In the remainder of the interview, Khatami responded to the three leading charges that the United States has maintained against Iran, as the basis for rejecting diplomatic relations: that Iran supports international terrorism, that it actively opposes the Middle East peace process, and that it seeks to develop weapons of mass destruction. He rejected the terrorism charge, and pointed to Iran's active participation in the nuclear Non-Proliferation Treaty and its record of cooperation with the International Atomic Energy Agency. Regarding the Middle East, he said that Iran found the peace process unworkable as it stood, but added that Iran is prepared to contribute to an international effort to bring about a just and lasting peace in the region.

The most controversial point Khatami made in his interview, which was to cost him dearly in Iran, was related to the taking of American hostages in Tehran. The Iranian President characterized the event as having taken place in the heat of revolutionary fervor, when things happen which cannot be

fully constrained or judged according to usual norms. Since then, he added, today our new society has been institutionalized, and we have a popularly elected powerful government, and there is no need for unconventional methods of expression of concerns and anxieties.

Inside Iran, both Supreme Leader Khamenei and Majlis Speaker Nouri responded to Khatami's CNN address, harshly criticizing especially his treatment of the hostage affair. Khamenei said the 1980 hostage-taking had been a real punishment against the American administration, and ruled out any negotiations with the current U.S. government. Nouri echoed the Leader's proclamation in the Majlis, reiterating that ties to the United States would be harmful. The incident around the CNN interview was highly significant, as it brought to the surface, the political conflict still very much alive in Iran, not only in power terms, but ideologically. And it made clear, to Khatami as well as the world at large, that the policy course he had embarked upon would not be easy going.

The concrete proposal Khatami concluded his interview with, was that Iranians and Americans should engage in dialogue, on an informal, non-governmental level. To the extent this has been welcomed, with, for example, the participation of Iranian wrestlers in sporting events in the United States, Khatami's position has been strengthened. Yet, when the members of the Iranian wrestling team arriving in Chicago, were subjected to humiliating security measures, like fingerprinting, Khatami's enemies at home cried victory, pointing to such treatment as proof that one could not and should not establish contact with hostile America. Similarly, when U.S. spokesmen have rejected the people-to-people approach suggested by Khatami, and have demanded that official government representatives be delegated by Tehran to open a dialogue with their counterparts in Washington, this has also hurt Khatami domestically, as it is too much too fast, for him to achieve over the opposition of the conservatives.

The economics of foreign policy

If the new Iranian government's approach to the U.S. problem has been and will remain methodical, proceeding incrementally, in deference to the delicate balance inside the country, its approach to establishing, restoring, and upgrading relations with the rest of the world has been aggressive and eminently successful. The key to understanding the relative ease and speed with which Tehran has defined solid diplomatic relations with virtually every country in the world, except the United States and Israel, lies in the Iranian leadership's self-conception of the role the country should play in international affairs. If, following the eight-year war against Iraq, Rafsanjani's utmost priority was reconstruction, in 1991, as mentioned, the priority shifted to extending relations to Central Asia, and beyond, to China and Southeast Asia. The Chinese government program to rebuild the ancient Silk Road with modern technologies across Asia westward into

Europe, dovetailed with the Iranian impulse, such that, the two countries have become the pillars of the Eurasian Land-Bridge project.

This concept of Iran as one of the pillars of the Land-Bridge has informed the government's approach to foreign policy across the continent. The intent has been to define cooperative economic ventures to build the infrastructure for enhanced trade throughout the region, both rail and road transportation of goods and persons, and pipeline transportation of oil and natural gas. The major breakthrough in establishing this network, came in May 1996, when then-President Rafsanjani inaugurated the opening of a rail link between Iranian Mashhad and Sarakhs-Tajan on the Turkmenistan border. This rail stretch provided the missing link in a network connecting all of Central Asia to world markets, through Iran and Iran's Persian Gulf ports. Since then, construction has proceeded on further rail lines, within Iran, to cut transit time, for instance, from Mashhad to Bafq, and from Kerman to Chah Bahar, as well as to other countries, like the stretch from Kerman to Zahedan, which would open up the route to Pakistan, and India. In August 1998, India agreed to participate in a trans-Asian rail line from Europe to Southeast Asia via Iran, Pakistan, India, Bangladesh, Myanmar, Thailand, and Malaysia.

The other area of infrastructure development, is in pipelines. Here, Iran's policy has been farsighted and economically sound. Given the fact that most of the newly independent Central Asian Republics, like Turkmenistan, had not developed their own pipeline and refining infrastructure, except within the constraints of the Soviet economic system, it was deemed important to find new ways of allowing these oil and gas-producing nations to find markets for their products, while in the process of building the infrastructural wherewithal. The concept developed by Iran in this respect, was that of swaps: Turkmenistan, for example, would provide Iran with its crude oil, and Iran would sell a corresponding amount of its refined oil on the international market. The necessary pipelines would be constructed for the purpose. Such swap agreements have been made with Turkmenistan and Kazakhstan. Kazakhstan has an accord with Iran, to supply it with 2-6 million tons of crude oil for 10 years, while Iran exports the equivalent in refined oil. To accommodate the increased flow of oil, Iran is building a 392 kilometer pipeline from the Caspian Sea port of Neka, to Tehran and Tabriz, where the oil will be refined. The Neka pipeline will carry oil from Azerbaijan, Kazakhstan, and Turkmenistan, for swaps.

Most important is the tripartite agreement Iran has made with Turkmenistan and Turkey for a vast pipeline project. At the end of December 1997, Khatami travelled to western Turkmenistan, and, together with his Turkmen counterpart, President Saparmurad Niyazov, turned a great valve wheel of a new pipeline, through which gas started to flow. The 120 mile pipeline started transporting 3 billion cubic meters of

gas to Iran per year, an amount which is slated to increase to 12 billion cubic meters. The pipeline construction was financed mainly by Iran, which put up 80% of the \$195 million. Turkmenistan is paying back the investment, by providing gas free for three years. Parallel to this development, Turkish Prime Minister Mesut Yilmaz signed an agreement to purchase 15 billion cubic meters of Turkmen gas per year, starting in the year 2000. The energy ministers of the three countries, at a meeting in the Turkmen capital of Ashgabat, signed a protocol to initiate feasibility studies on the pipeline from Turkmenistan through Iran into Turkey, which would transport the gas. The 1,500 kilometer pipeline would carry 900,000 cubic meters per day, and would cost \$1.6 billion.

Iran's pipeline and transportation infrastructure program, has thus shaped the parameters of its diplomacy. In addition to the Central Asian states, Iran has undertaken similar ventures with Pakistan, India, Russia, and Ukraine, to name only a few. Coherent with this approach, have been Tehran's attempts to function as a mediator in regional conflicts, in the interests of securing stability required for economic development on a regional basis. Thus, its efforts in mediating between Armenia and Azerbaijan, between the Tajik government and opposition, and in Afghanistan.

In the region of the Persian Gulf, over the past year Iran has also succeeded in restoring relations which had been shattered by war, or interrupted by the 1979 revolution. Khatami's Foreign Minister, Dr. Kamal Kharazmi, has travelled the region over during the last year, preparing the way for summits to take place, with the Kingdom of Saudi Arabia, Oman, the United Arab Emirates, Kuwait, Qatar, and even the former enemy Iraq. In all cases, diplomatic efforts have been shaped by the prospects for cooperation regionally on such infrastructure developments. This spring, Iran and Saudi Arabia concluded wide-ranging agreements for cooperation in industry and minerals, transportation, commerce, science, and culture.

In December 1997, Iran's diplomatic work, begun under the Rafsanjani government and expedited under Khatami, reached its high point, when more than 50 states sent high-level delegations to Tehran for the summit of the Organization of Islamic Conference (OIC). Iran, as rotating chairman of the OIC, hosted the summit, which mapped out plans for economic cooperation, including the idea of an Islamic common market. The summit was a diplomatic victory with vast implications for relations with the West, as it presented to the world the undeniable fact that Iran, once a pariah, was being recognized by the very heterogeneous Islamic world, as a leading force. And, that within the country, Khatami was being acknowledged as a thinker, whose ideas could contribute to redefining relations between Islam and the West more broadly.

It was in his speech to the OIC summit, in fact, that Khatami presented his concept of a dialogue of civilizations, as opposed to the infamous Samuel Huntington thesis, for a clash



Tehran, the present capital of Iran, is a bustling metropolis of 8 million people. Transportation infrastructure was modernized, and shopping centers, recreation facilities, like parks, playgrounds, and sports centers, were built during the tenure of Mayor Gholamhossein Karbaschi.

of civilizations. And it was from this podium, that Khatami announced his intention of addressing the American people, in a dialogue of this sort.

Following the successful OIC summit, Iran continued the work of restoring normal relations with the European governments as well. The break had occurred in April 1997, when a corrupted German judge ruled in Berlin, that top members of the Iranian government, including Rafsanjani, had been directly responsible for ordering the assassination of three Iranians in a Berlin restaurant, the Mykonos, in 1992. In response to the ruling, and under the direction of the British, all the European Union member-states except Greece, recalled their ambassadors from Iran, and Iran reciprocated. The long crisis was overcome only after much discussion and negotiating, until a face-saving formula could be found to allow the diplomats to take up their posts again.

The main impetus for the Europeans patching up relations with Tehran, was their informed self-interest in joining the process of infrastructure development dominating the region. It was Italy, a country with historically profound relations with Iran, which first moved to restore relations, and dispatched a government delegation there in March of this year, led by Foreign Minister Lamberto Dini. Dini stated that Italy and the EU had decided to reestablish relations with Iran, encouraged by the positive evolution of the political process

inside the country, since the election of Khatami. Dini's trip was followed in July by a delegation led by Foreign Trade Minister Augusto Fantozzi, and by a visit by Prime Minister Romano Prodi, who announced that Italy would resume state-guaranteed insurance coverage for exports to Iran, opening the way for Italian exporters to sell \$3 billion worth to their Iranian partners. Trade agreements included projects in dock building, helicopter manufacturing, and oil sector projects.

France has also rushed to restore relations with Iran, sending Foreign Minister Hubert Védrine to Tehran this summer. France's stake in Iran's economic potential is immense: As announced on Sept. 28, 1997, a major deal had been signed with Russia, Malaysia, and France, for exploration and development of Iran's Pars-e Jonubi (South Pars) natural gas field. The deal, worth \$2 billion, brought together Russia's Gazprom, Malaysia's Petronas, and France's Total. Total held 40% of the shares in the consortium, while the other two partners held 30% each. The field is expected to produce \$1.2-1.5 billion worth of liquefied and natural gas per year, once it goes on line.

Geopolitics and the British question

In his first year in office, Khatami has not only had his internal opposition to deal with, but has also come up against powerful obstacles to his political thrust, from forces associ-

ated with the British-based financial oligarchy. The essential policy outlook of this faction, which lurks behind the international oil cartels, is that, given the ongoing meltdown of the world financial structures, the best way to maintain political control over the world, is through securing a grip over raw materials resources worldwide. This faction's view is that he who controls oil, gas, strategic minerals, and food production will ultimately control the world, when the mass of paper values of the dying financial system has been swept away. Thus, the British-led onslaught in Africa (see Lyndon LaRouche, "What Will Happen, If . . . ?" *EIR*, Aug. 28). Thus, the strategic re-thinking of policy for Central Asia, which such representatives of this financial oligarchical faction, like the International Institute for Strategic Studies of London, and its daughter institute, the New York Council on Foreign Relations, have undertaken over the past year and a half (see *EIR*, June 6, 1997, pp. 46-55).

The strategy which this faction has been implementing vis-à-vis Iran, can only be characterized as the method of "perfidious Albion." On the one hand, it has been London which has generated campaigns of hostility against Iran, while, on the other, it has consistently been London which has come forward as the "friend" of Tehran in times of need, more often than not, against the Americans.

To wit, it was British intelligence which deployed its asset, Salman Rushdie, to author a pornographic, blasphemous book, which was calculated to provoke a violent reaction on the part of the conservative clerical establishment in Iran. The *fatwa* (religious decree) issued by Iran's highest religious authority, authorizing attempts against the life of agent Rushdie, was then utilized as proof that Iran supported terrorism, that one could not deal with such a regime, and so on. Through manipulation of the Rushdie affair, the British succeeded in sabotaging European relations with Iran. Following the April 1997 Mykonos trial verdict, it was the British who trumpeted in their press, that not only Germany, but all EU members must ostracize the Tehran regime. Furthermore, it was the British who concocted the fabrication, that Iran was developing nuclear weapons, in order to sabotage the oil deal signed with Malaysia, Russia, and France.

The nature of British operations against Iran, and the manner in which British intelligence has coordinated its efforts with the Israeli Mossad and current Israeli Prime Minister Benjamin Netanyahu, as well as with their common friends in the United States, in particular, Vice President Al Gore, is usually grossly, dangerously misunderstood. But the facts speak for themselves, and must be considered, to grasp the nature of Albion's perfidy.

In summer 1997, the British daily *Observer* ran the story of an Iranian-British businessman, Hossein Jaffari, who was buying up instruments to use in building nuclear weapons. In August, the London *Times* published an account of a trip that the head of the Iranian Atomic Energy Organization, Reza Amrollahi, had made to South Africa, they claimed, in search

of components to construct a nuclear bomb. On Aug. 19, 1997, after the story had been duly recycled in the American press, and a relevant scandal raised in political circles, President Clinton issued an Executive Order prohibiting transactions with Iran. The story was embellished by *Washington Post* writer William Safire's account of how the Israeli Mossad had shared such intelligence with the United States, and had added that the Russians were key to providing Iran the wherewithal for nuclear weapons production. As if on cue, Israeli Prime Minister Netanyahu, during a visit to China, claimed he had received assurances that Beijing would not cooperate on nuclear reactor development with Iran. In the same breath, he added a warning against Russia, lest it should aid Iran in developing a nuclear capability. It was at this point in September 1997, that Vice President Gore prevailed upon his good friend, then-Russian Premier Viktor Chernomyrdin, to desist from aiding Iran in its civilian nuclear plant project at Bushehr.

The nuclear scare has been revived periodically, in accordance with Israeli-British policy requirements. A parallel slander operation has been implemented routinely by British intelligence and the Mossad, targetting Iran as the sponsor of terrorist activities, most recently, in the case of the U.S. African embassy bombings. The aim has always been to steer U.S. foreign policy into a hostile posture against Iran and its trading partners, who include Russia and China, in order to sabotage the Eurasian Land-Bridge perspective. In its stead, British interests seek to assert their control over the vast raw material riches accessible in Central Asia through Iran.

Thus it is, that while Britain has been in the forefront of the slanderous campaigns against Iran, supporting tough trade sanctions, whether from the EU or from Alfonse D'Amato (R-N.Y.), their tried and trusted agent-of-influence inside the U.S. Senate, at the same time, Britain has been carefully currying favor with Iran, offering investment, economic cooperation—the works. Thus, for instance, while Britain maintained its stance in favor of the D'Amato sanctions policy, at the same time, it moved quickly through Royal Dutch Shell, to secure rights to the feasibility study for the Turkmenistan-Iran-Turkey pipeline. And, it moved aggressively to secure a position in the Caspian Sea exploitation.

In July, it was reported that British Petroleum, Lasmco, and Royal Dutch Shell had started negotiations with the National Iranian Oil Co. on oil and gas exploration of offshore Iranian waters in the Caspian Sea. In May, British Petroleum had announced that it was reopening its office in Tehran, closed since 1979. The British grab for Caspian Sea resources has included agreements signed in July with Azerbaijan President Heidar Aliyev, worth \$13 billion, with BP, Ramco Energy, and Monument Oil and Gas—all British firms.

At the same time, in July, Britain deployed Foreign Office Minister Derek Fatchett, to give the first such interview to the Islamic Republic News Agency (IRNA), and to stress that Britain was interested in developing a more constructive bilat-

eral relationship to Iran, including the bilateral commercial relationship. Fatchett went so far as to offer a quasi-apology for the Rushdie affair, saying he understands and regrets that the book, *The Satanic Verses*, has caused offense to many Muslims. British press outlets have also been commenting on the feasibility of assisting the Persian Gulf nations in setting up a regional security arrangement, without the United States, but with British help.

Thus, the British have been trying to set the stage for them to move into the area and establish institutional means, whereby they can lay claim to the vast resources in Iran and Central Asia. All the while, the British press laments, with welling crocodile tears, that the poor American oil interests and other companies, are being prevented from taking part in the bonanza, by the restrictive sanctions measures of the United States.

The American response

Although the British-Israeli joint assets on the U.S. political landscape have been playing their assigned roles, President Clinton has on several occasions demonstrated that his policy is not to be understood as anti-Iran, by definition. Although mixed signals have come from Washington, Clinton has most consistently lent an open ear, while his Secretary of State, Madeleine Albright, and Vice President Gore have pursued confrontationist rhetoric.

The first important signal from the White House, came in response to President Khatami's remarks to the international press in Tehran, on Dec. 14, 1997, when he expressed his desire to address the American people. Khatami had reiterated his great respect for the nation and the people of the United States on that occasion, and had elaborated his concept of the dialogue of civilizations. To engage in such a dialogue, he said, political figures would have to rise to a higher level. Of course, he said, it is our wish that all politicians should be thinkers, and he added, although Plato's idea that rulers should be philosophers, or that philosophers should be kings, was wishful thinking, nonetheless, is it also wishful thinking to expect that the world's politicians should be thinkers as well?

In his response (which I was encouraged by, and I think the American people should be, too), the President expressed his view that it was tragic that the United States was separated from the people of Iran, and referenced the close ties that have existed historically between the two peoples. Clinton said that Iran is a country with a great history, and that Americans had been greatly enriched by Iranian, by Persian culture.

In terms of concrete policy moves, the Clinton administration made known on July 27, 1997, that it would not oppose the pipeline project, from Turkmenistan through Iran into Turkey—though later, administration officials would energetically reject any pipeline across Iran, preferring the Caucasus and Turkish routes. On May 18 of this year, Clinton took the important step of granting a waiver to the

threat of sanctions against the Malaysian-Russian-French consortium, as foreseen by the D'Amato bill. This flew in the face of pressures to implement sanctions. D'Amato had lobbied for sanctions to be slapped on Iran's trading partners, and the State Department had issued a statement to the effect that it viewed investments in Iranian gas and oil fields as making more resources available for Iran to use in supporting terrorism and pursuing the development of missiles and nuclear weapons.

Another important signal came in October 1997, when the administration put the Mujahideen al Kalq (MKO), a terrorist organization of the Iranian opposition, on the list of terrorist groups. The move not only sent a positive signal to Tehran, which has insisted that the West must curtail the activities of this group, which is responsible for bombings and assassinations, but it also sent an implicit warning signal to London, which has long harbored the MKO. As a result of public exposure of the Labour Party government's protection and indeed patronage of the MKO, the British government was forced to dissociate itself from the group.

Iran's Achilles' heel

The progress made by Iran over the past year under the Presidency of Khatami has been impressive, from all standpoints, and, were the world as a whole not in the throes of a systemic financial and economic breakdown crisis, one could project excellent developments for this strategically important country. The point is, as the events of late August made clear, that the entirety of the world's financial and monetary structures are unravelling at breathtaking speed. The era of globalization, of the free market liberal order, is over. Either new structures will be put into place, along the lines of a new Bretton Woods system, or the world will careen to chaos.

Iran hangs in a very delicate balance. Although there has been a process of liberalization and privatization under way, still the Iranian economy has a significant state sector, especially related to raw materials resources, and maintains state subsidies on categories of consumer goods. Currency transactions are regulated, although there is more than one market for foreign exchange. Due to the dramatic collapse in the price of oil on international markets over the past year, which accounts for 85% of Iran's foreign exchange income, and 50% of government revenues, Iran has had to adjust to the shortfall in projected earnings, by modifying the state budget. This, in turn, has threatened continued investments in great projects, and has had a negative impact on the pledges made by President Khatami, to rapidly improve the employment picture, and to control inflation.

One year after Khatami's election, a new economic program was announced, which focusses on attracting foreign investment into the country. From initial reports, it is to include new tax legislation, allowing tax breaks for foreign investors, and also to further liberalize currency regulations.

The financial sector, banking, is to be vastly expanded, and the privatization process is to be enhanced. In a nutshell, the new economic program being sketched by the government, proposes that Iran move rapidly into the globalized economy, integrating itself into an international structure which itself is in the course of disintegration. It would be tantamount to jumping on the bandwagon, only to discover that it has turned into a hearse.

It is to be hoped that Iran will carefully study the fundamental changes being made in economic and monetary policy, by governments like the Chinese and the Malaysian, against liberalization, and in the direction of re-regulation. And that Iran, which fortunately is *not* yet fully entwined in the madness of the globalized economy, will pull back from the abyss in time. To the extent Iran's government, at this current juncture, were to seek to liberalize its economy, to open it to foreign investment including in the form of privatizations, and to enact legislation loosening central government control over vital monetary and financial policy domains, to that extent, the government would be inviting disaster.

Iran is at a most sensitive, most crucial and interesting juncture: If it throws itself into the globalized economy, that would not only mean the end of Iran's plans to become a modern national economy, but would have devastating

repercussions on the entire region of Central Asia, in which Iran plays the linch-pin role. If, on the other hand, the Iranian government were to realize at this eleventh hour, what the nature of the global crisis is, and not only resist globalization, but actively join ranks with those forces, like the People's Republic of China and Malaysia, which are organizing an alternative world system to that of the bankrupt globalization mode, then Iran could secure its position as a leading factor in the new world order. The example it would set, would be of determining influence on the Central Asian Republics. They, too, particularly Uzbekistan and Turkmenistan, have been resisting pressures from the International Monetary Fund, to liberalize their economies, and have succeeded in preventing full convertibility of their currencies. Their participation in a concerted effort of nations across Central Asia, to bring a new monetary order into being, would be significant.

That is the immediate challenge facing President Khatami as he enters his second year in office: It would be the most tragic of ironies, if the same man who, desiring better relations with the West, has correctly emphasized the crucial necessity to distinguish between the good and the bad in "the West," were himself to fail to recognize the fatal defects of the liberal economic system, which is threatening to bring the West, and the world at large, to doom.

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International Intelligence

Green leader unnerved by terrorist arrest

The joint Franco-German police operation which succeeded in the Sept. 9 arrest of Hans-Joachim Klein—one of the terrorists involved in the “Carlos” gang that took the Organization of Petroleum Exporting Countries (OPEC) oil ministers hostage during their meeting in Vienna in 1975—may not only provide further revelations on that, and other international terrorist operations.

More immediately interesting, Klein also was a close friend of German Green party leader Joseph “Joschka” Fischer in the Frankfurt “revolutionary underground” of the early 1970s. Back in 1970, Klein borrowed Fischer’s car to transfer 18 stolen weapons from American depots in Butzbach. In 1981, one of those weapons was used in the assassination of Hesse state economics minister Heinz-Herbert Karry.

Fischer has reason to fear the arrest of Klein, because Fischer hopes to become foreign minister in a red-green coalition after the Sept. 27 elections, and is making efforts to look “moderate,” so that any reminder of his own flirtation with the Molotov cocktail circuit is unwelcome.

Blair’s ‘honeymoon with the voters is over’

The London *Guardian* noted on Sept. 9 that the stock in Prime Minister Tony Blair is plunging. Under the headline “Blair Bubble Bursts,” Alan Travis wrote that “the extraordinary bubble of popularity surrounding the Prime Minister, which broke records in the aftermath of Labour’s [May 1, 1997] landslide victory, has now burst.” His “personal ratings . . . have plummeted.”

Interestingly, the annual *Guardian* “state of the nation” survey shows that Labour’s reputation for being the best party to manage the economy “has taken a sharp knock,” with only 35% of voters agreeing with that proposition. Travis notes that this comes amidst “growing talk of recession, redundancies [layoffs] and volatile stock mar-

kets.” The *Guardian* editorial the same day was entitled, “Blair’s Star Wanes.” The *Guardian*, is close to the Labour Party in Britain.

The analysis was confirmed by Trades Union Congress President John Edmonds in an interview with the *New Statesman*, which was reported by the *Guardian* on Sept. 10. Blair is walking into a “Greek tragedy” by insisting on holding down public sector salaries, which will likely lead to “big trouble” and to widespread disruption in public services.

Public sector workers were being “pushed into a corner” by the fact that the current “New Labour” government is continuing Tory wage policies in the public sector, he said: “Industrial action doesn’t arise from one year’s grievance. It arises from a rising sense of grievance and frustration, a feeling that we can’t do anything else except this industrial action.”

Habibie: Poverty may fuel rights abuses

In his speech to the third annual meeting of Asia-Pacific human rights commissions on Sept. 9, Indonesian President B.J. Habibie warned, “If our economic problems cannot be solved within a short time, their influence will be felt in other areas. Social unrest will prevail. Crime will rise. The feeling of being safe and tranquil will be further away. Economic poverty is one of the important factors giving rise to abuses of human rights.” Meanwhile, student demonstrations played cat and mouse with security troops, who have prevented the students from getting back into the Parliament building, after 2,000 students broke through the main gates on Sept. 7. Students from 35 universities are involved in revolting actions, demanding that Habibie lower prices or resign.

At an earlier appearance in the second largest city of Surabaya, some 4,000 students and supporters of opposition leader Megawati Sukarnoputri chanted for lower prices and Habibie’s resignation. Habibie was forced to cancel some appearances due to the turmoil, after which thousands of dem-

onstrators broke through the police lines to demonstrate on the front steps of the governor’s office.

In Central Java, a fight between a Chinese shopowner and his Indonesian worker, led to rioting when a mob returned to torch the shop in Kebumen. The explosion of poverty is at the heart of the eruption, which continued into Sept. 8, with an estimated 49 shops destroyed.

Egypt, Libya take on British-backed terrorism

The Sept. 16-17 Arab League meeting of all 21 Arab states will deal with Libya’s request that the British government hand over terrorist elements given shelter in Britain, and that it not support groups conspiring against the Arab states. The Arab League, heavily influenced by Egypt, has agreed to add a new item proposed by Libya to the 110th session, at League headquarters in Cairo.

Libya’s leader Muammar Qaddafi told an Arabic television interviewer that Libya will present evidence on the assassination attempt by British intelligence against him, referencing a forthcoming film to be broadcast on Libyan TV, which will include footage of the bombing of Qaddafi’s motorcade. Qaddafi also stated that Libya might bring the issue to the United Nations.

Recently, the Libyan people’s general committee for foreign relations and cooperation called upon the British government to open a separate investigation on disclosures by former British intelligence officer David Schayler, who said that British intelligence in 1996 made a failed attempt to assassinate Qaddafi through a member of a Libyan terrorist group whose headquarters are in London.

Military analyst: Right wing threatens Israel

Ze’ev Schiff, one of Israel’s leading military commentators, warned that one of the greatest dangers facing Israel is from the right-wing extremists. Writing in the daily

FRANCE'S Interior Minister Jean-Pierre Chevènement suffered cardiac arrest during elective surgery on Sept. 3 and went into a coma at the Val de Grâce Hospital. Prime Minister Lionel Jospin named Jean Jacques Queyranne, as interim Interior Minister. Only one year ago, Chevènement had arrived at the Pitié-Salpêtrière Hospital to await the ambulance carrying Princess Diana.

A CARBOMB KILLED 17 people and wounded over 80 others in Makhachkala, the capital of regional administration of Dagestan in southern Russia. The target of the Sept. 5 bomb was said to have been the region's Prime Minister, Khizri Shikhsaidov. This was the tenth attempt on his life. The Grand Mufti of Dagestan was just recently assassinated.

LITHUANIA'S parliamentary chairman and former President, Vytautas Landsbergis, called for international humanitarian aid to the Russian exclave of Kaliningrad on Sept. 8. He was responding to a statement by Russian Baltic Navy commanders that the force has enough food only for the next 40 days.

PAKISTAN'S delegate to a UN conference on disarmament in Geneva rebuked New Zealand, after its delegate condemned India and Pakistan for their nuclear tests. Munir Akram asked, "What God has ordained that there will be five legitimate nuclear weapons states?" He added that the accepted nuclear powers are acting like "drunkards preaching abstinence to the rest of the world."

STUDENTS IN MYANMAR held the largest demonstrations since 1996 on Sept. 2. "End the military government," chanted up to 800 students at the Yangon Institute of Technology, as riot police cordoned off a one-mile perimeter around the campuses, according to witnesses. Another 3,000 students rallied at the Hlaing campus in the city. Foreign diplomats reported that the police were unarmed, signaling the government's attempt to avoid violence.

Ha'aretz on Sept. 4, he pointed out that both Defense Minister Yitzhak Mordechai and the former Shin Bet chief Carmi Gilon have been the target of demonstrations and accusations by right-wing extremist organizations which branded them "persecutors of the Jewish people," the same epithet thrown against Prime Minister Yitzhak Rabin prior to his assassination. Such charges against these figures were first levelled, not by the radical groups, but by Israeli Prime Minister Benjamin Netanyahu. Netanyahu has been accusing Mordechai in particular of being soft on the Palestinians.

"Rabin's killer, Yigal Amir, did not act alone. Although he was the only one to pull the trigger, Amir enjoyed the support of many persons. The extreme right had a history of assassinations even before Rabin was gunned down. . . . Members of the extreme right have even smuggled weapons and explosives from the Israeli Defense Forces," Schiff said. The greatest danger, he said, lies in something like "an outbreak of violence on the Temple Mount, for example, in order to kill the peace process."

Indian Congress Party prepares for elections

India's Congress Party held a three-day meeting on Aug. 29-31, chaired for the first time by Sonia Gandhi, widow of the late former Prime Minister Rajiv Gandhi, who was assassinated in 1991. The economic resolution points to a policy of taking India back to the 1980s' idea of the "mixed economy," with the government directing economic policy. While Sonia Gandhi would tend to support former Finance Minister Manmohan Singh, who was a key promoter of free-trade "reforms" in India, this was not the policy which emerged from this meeting, well-informed political figures said. The Congress Party, which is in opposition, was meeting to prepare for four state elections this November. This new economic resolution will go to the voters in these elections.

The majority of the Congress politicians have turned decidedly against the neo-liberal reforms, and the economic resolution reflects this. It calls for the return to a

"mixed" economy, similar to that of the 1980s, which was the central planning policy under Indira Gandhi. This means that government controls on the economy are to be maintained, and that the government must keep in its hands, the instruments necessary to exert control over the economy. The Congress Party is not, yet, calling for already-implemented reforms to be rescinded, but will oppose further reforms.

High court confirms Cambodian elections

More than a month after Cambodia's July 26 elections, the highest court, the Constitutional Council, has rejected all complaints of fraud filed by opposition figures Sam Rainsy and Prince Norodom Ranariddh on Sept. 1. The vote results have been upheld, with Hun Sen's CPP taking 41% of the vote, Ranariddh's Funcinpec 32%, and the Sam Rainsy Party 14%. Rainsy, especially, has championed a nine-day protest, or "camp-in" opposite the National Assembly, which was punctuated by demonstrations of up to 10,000 the preceding weekend. Earlier in the protests, Rainsy had "joked" that he wished President Clinton would hit Hun Sen's home with missiles, as he had hit Sudan's Al-Shifa pharmaceutical plant. Moreover, Rainsy's renewed incitement to violence against ethnic Vietnamese led to the deaths of five people.

On Sept. 7, unknown persons lobbed three grenades into the Phnom Penh residential compound of Second Prime Minister Hun Sen—two exploded, causing no injuries. Hun Sen, who was not present, called for Rainsy's arrest, and left open the same option for Ranariddh, leading to a stand-off outside the UN High Commission for Refugees office, where Rainsy sought protection. The order was later rescinded.

In recent days the European Union and Association of Southeast Asian Nations (ASEAN) have appealed to the three winners in the July 26 elections to get on with forming a coalition by the Sept. 24 date for dissolution of the current session. King Norodom Sihanouk has threatened to abdicate if progress is not made.

LaRouche rebukes 'deviant Dems' who attack Clinton

by Debra Hanania Freeman

In a statement on "Deviant Democrats and the Klan," issued on Sept. 11, Lyndon LaRouche compared "the pack of deviant Democrats" assaulting President Clinton, to "a Klan lynch-mob, in full regalia, led by acting Kleagle and court pornographer Kenneth Starr."

LaRouche emphasized, "No seasoned political observer would believe, that any among those liberal Democrats caught up in this effort to destroy our constitutional form of government, has a sincere bone in his body. Their shameless insurrectionary, anti-constitutional behavior, is plainly whipped up by some combination of threats and promised payoffs, all in the same style as a Klan lynch-rally. The slight difference from a traditional lynch-mob rally, is, the Democrats in this lynch-mob have not had the decency to create an excuse for their conduct by first getting liberally drunk."

LaRouche's sharp rebuke is directed to the small, but increasingly vocal, gaggle of "New Democrats" who constitute the party establishment in Washington. Over the last four years, despite an unprecedented assault on the Presidency, launched by City of London financial oligarchy, the Democratic leadership in Washington has repeatedly blocked any aggressive defense of the President. Over the last two weeks, that lack of an aggressive defense has been transformed into an aggressive offense *against* the President.

Starr's multiple 'conflicts of interest'

In late August, the Ken Starr, who was putting the finishing touches on his pornographic report to Congress, was operating with a set of very serious—some said, fatal—liabilities. His "conflicts of interest" had been widely exposed. His failure to refrain from repeated illegal leaks to the press, despite numerous warnings from the court, had resulted in contempt-of-court charges that are still pending. For the most part, the American people viewed him as an intensely partisan

persecutor of a President whom they supported! Then, during a campaign swing through the state of Pennsylvania, House Minority Leader Dick Gephardt launched an unsolicited, and extremely nasty, personal attack on President Clinton. His treachery was quickly followed by a melodramatic performance on the floor of the Senate (which was given live network coverage) by Joseph Lieberman (Conn.). Senators Bob Kerrey (Neb.) and Daniel Patrick Moynihan (N.Y.), both long-time Clinton-haters, rose to support Lieberman's attack.

Many Americans expressed shock: The attacks came while President Clinton was in Russia and Northern Ireland, breaking a long-observed Washington rule *never* to attack an American President while he is abroad.

Others joined the wolf pack: Colorado Gov. Roy Romer, current Chairman of the Democratic National Committee, and Sen. Chris Dodd (Conn.), who preceded Romer as DNC chairman, said Clinton was hurting Democrats' ability to win elections in November. Rep. Jim Moran, previously thought to be a friend of the President, took a number of cheap shots, from his Northern Virginia district, across the Potomac from Washington. Maryland Gov. Parris Glendening, who is up for reelection, refused to appear with the President and disinvited him to a Glendening fundraiser. Their statements varied. Lieberman stopped short of supporting impeachment, calling instead for censure. But, others said that President Clinton should be submitted to impeachment proceedings; and still others went to far as to suggest that he should resign rather than put the nation through the trauma!

Not surprisingly, the American people seemed largely unaffected by these antics. Gephardt, Kerrey, Moynihan, Lieberman, Glendening, Moran are not exactly American folk heroes, and the President's approval ratings remain high. Nevertheless, the nation's major press has tried to turn these calls into a juggernaut, designed demoralize the White House.



Civil rights veteran Amelia Boynton Robinson leads a protest against the treachery of Virginia “New Democrat” Rep. Jim Moran. As LaRouche put it, “No seasoned political observer would believe” that such turncoats could have “a sincere bone in their body.”

Active opposition to the traitors

Over the Labor Day weekend, when a group of current and former elected officials who were in greater Washington to attending the semi-annual Schiller Institute conference, received reports that there was a drive to force the President to resign, they decided it was time to take action. They met on Sept. 6 and were in unanimous agreement on several key points: The American people are far more concerned about the global strategic and financial crises than anything else; they elected this President, and they want him to devote his attention to addressing those crises, since the future of the United States — and the world — rests on this President’s ability to act decisively, as Franklin Delano Roosevelt would have, in this grave crisis, any attempt to bring President Clinton down is the moral equivalent of treason.

The legislators agreed that it was imperative that the voice of American people be heard; that the falsely contrived controlled environment of attacks on the President had to be broken. They formed an ad hoc committee, Americans to Save the Presidency, drafted a statement (see below) being circulated nationally, and they also launched a drive to hold town meetings across the nation. Within days, the 13 initiators of Americans to Save the Presidency were joined by hundreds of elected officials, labor leaders, and religious and civic leaders.

A group of Congressional Black Caucus members went to see House Minority Leader Gephardt. They told him that their constituents not only stood in overwhelming support of the President, but that they were furious that the Democratic Party was doing nothing to defend the Presidency. One member told Gephardt, “If the party doesn’t start doing something to defend Clinton, I am not going to be able to control my

people back home. These folks are ready to revolt!” Reportedly, Gephardt indicated that he was sorry, but they “would just have to deal with it.”

Some media outlets say the Democratic traitors are taking the offensive against President Clinton, because of election concerns. Clearly, that isn’t true. According to the Congressional Black Caucus, African-Americans support the President by a margin of 16 to 1, and, by a margin of 12 to 1, are clamoring to see Democrats launch a vigorous drive to defend him. All polls show that the majority of Americans support President Clinton and say they would still vote for him. Moreover, Democrats like Moran and Gephardt serve in “safe” districts, where neither faces any significant Election Day threat.

Survival of civilization at stake

LaRouche clarifies what is happening. In his press release, he pointed to some prominent statements in the London press, warning

of the dangers to the world should these attacks on the President persist. “Take the statement of Peregrine Worsthorne in the London *Daily Telegraph*, for an example of the warnings from many senior political figures in Britain, and other parts of Europe, who are not personally admirers of the President (or, of me), but who see the danger to civilization from what today’s U.S. deviant Democrats are doing. If President Clinton were to be removed from office, there is no chance the United States would avoid being plunged immediately, with most of the world, into the worst depression in the history of modern European civilization.

“We do not have to look far afield, to find the motives behind the financier interests’ role in the deviant Democrats’ attacks on the President. As Federal Reserve chairman Alan Greenspan knows, the sudden plunge of the so-called ‘New Democrat’ faction and its fellow-travellers, into this Wall Street-inspired, lynch mob spirit, was a direct result of certain financial institutions’ desperately enraged reaction to that rising, and presently increasing, demand of many other leading bankers, and others, which came as a result of the latest, post-Aug. 17 round of Japan and Russia crises. The world’s worst financial speculators, like international drug-legalizer George Soros, are in a state of panic, in reaction to the widespread demand, that today’s John Law Bubble-style ‘free trade’ and ‘globalization’ policies, be scrapped, and that the world return to the sanity and safety of capital controls and exchange controls, like those of the 1946-1958 Bretton Woods system, instead.

“Unless President Clinton takes those kinds of emergency measures which Vice President Gore so far shows he would not tolerate, nothing will stop the U.S. economy, like others,

from dropping into the worst possible economic depression — as bad as 1923 Weimar Germany — within no later than a few months, and possibly just a few weeks ahead. If that happens, the worst misery in the past history of the U.S., such as that some of us remember from the 1931-1932 depths of the Great Depression, will seem prosperity by comparison,” LaRouche says. “In particular, those many U.S. citizens who have their savings now tied up in mutual funds, will probably lose everything — thanks to the efforts of our current crop of deviant Democrats, as the Dow Jones plunges to, or perhaps far below, the legendary ‘2000’ level.

“Only two things, combined, could prevent such a catastrophe,” he states. “First, as Britain’s Peregrine Worsthorne

and others have warned, President Clinton must remain President Clinton for the remainder of the term for which a clear majority of U.S. voters elected him. Second, President Clinton would fail, unless he provides the new kind of Franklin Roosevelt-style world leadership, that to a collaborating group of nations, which will immediately introduce the measures of economic reconstruction needed to prevent the presently onrushing, worst catastrophe in the modern history of this planet.”

LaRouche concludes, “Deviant Democrats who can not respond to those realities, and correct their aberrant behavior accordingly, are people who have plainly lost their minds, and, also, the moral fitness to survive.”

Americans to save the Presidency

The following statement was issued on Sept. 6, by a newly formed group of citizens and legislators, and is being circulated for additional signatures, in response to reports of new attempts to pressure President Clinton to resign. Initial signers include 102 state legislators and 5 former U.S. congressmen, as well as trade unionists, political and civil rights activists, and religious leaders.

Our nation, and indeed, the entire globe, faces a crisis whose intensity is unprecedented in modern times. The world financial system is breaking apart. Russia is exploding. The Japanese banking system is teetering on the brink of collapse. The huge derivatives bubble is about to pop. The continent of Africa is wracked by war and famine.

Here in the United States, behind the thin facade of “economic prosperity,” the vast majority of our people are suffering. And, that suffering only promises to get worse, if the current issues of the day are not addressed directly, with clarity and resolution.

The future of our nation, and because of the very unique role our nation holds in the world, the future of all humanity, rests on what the President of the United States does in the days and weeks immediately ahead. We, the American people, elected Bill Clinton as our President. He is not the President of Democrats or of Republicans, but of all Americans. And, today, President Clinton, and as such, our nation, is under attack.

The details of what may or may not have occurred in what has become known as the Monica Lewinsky matter, are not only constitutionally irrelevant, they are also irrele-

vant to the well-being of the American people. More than two years ago, it was irrefutably established that the entire Whitewater scandal, which spawned the Lewinsky matter, was conceived and nurtured outside the borders of the United States. Ambrose Evans-Pritchard, a so-called British journalist, with close ties to the British financial and intelligence establishment, has repeatedly and publicly taken credit for being the initiator of stories that began in the British tabloids, and then moved down the media food chain to the U.S. press. It was Ambrose Evans-Pritchard, by his own admission, who found Paula Jones, cleaned her up, and found her a lawyer; who established the first ties with Richard Mellon Scaife, the private piggy bank of Ken Starr and his treachery.

From the very beginning, the basis for what has become the most expensive witch-hunt in our nation’s history, has been completely illegitimate. Indeed, if Madam Attorney General Janet Reno had any integrity at all, Ken Starr would have been fired long ago.

We address this statement first and foremost to President Clinton. Mr. President, you have our support. We elected you to serve, and we intend to ensure that you are able to fulfill the unique responsibility of your office. We want you to devote your attention to addressing the crises of the day.

Second, we address this message to members of the United States Congress. You are sworn to uphold the spirit and the letter of the U.S. Constitution. Included in that oath, you are pledged to defend the nation, and the institutions of the nation, especially the institution of the Presidency, from enemy attack. Your responsibility, both morally and legally, is to support our President so that he is free to do what he must do, without distraction, to protect the vital interests of our nation and people, in this time of grave crisis. Any action otherwise, under the current conditions, is the moral equivalent of treason, and we shall treat it as such.

Brits target Clinton with 'well-aimed shot'

by Edward Spannaus

"Mr. Starr is, in effect, eliminating Mr. Clinton with a single rifle shot," wrote British intelligence asset Ambrose Evans-Pritchard in the Sept. 10 *Daily Telegraph* of London. "But it is well-aimed."

Evans-Pritchard was ostensibly illustrating his expectation that independent counsel Kenneth Starr would choose to focus his impeachment report to the Congress around allegations of perjury and obstruction of justice in the Paula Jones case, and that Starr would likely be leaving Whitewater, Filegate, and Travelgate for his final report to the court, sometime in the future. Evans-Pritchard takes some pride in this, since it was he who orchestrated the Paula Jones suit in the first place, in the spring of 1994.

Pritchard's lengthy diatribe-cum-confession was entitled "Nothing Can Save Him Now," and it opened with a quote from Sen. Daniel Moynihan (D-N.Y.), that "the regime is in crisis." Pritchard misidentifies Moynihan as "the elder statesman of the Democratic Party, who has been fulminating against Bill Clinton with the look of a willing regicide."

Are Ambrose Evans-Pritchard's allusions to rifle shots and regicide simply metaphorical whimsy? Or should we look deeper, to determine what is actually at stake here? Is this a case of "assassination by other means"?

'In the crosshairs'

EIR readers have some familiarity with the background to Evans-Pritchard's comments. For example, in the Nov. 11, 1994 issue of *EIR* we wrote: "Not since the assassination of John F. Kennedy has an American President been so targeted by the British Crown and its vast covert intelligence apparatus as President Clinton is today." Citing recent assassination attempts, the article reported that "evidence continues to mount from across the Atlantic that the British Crown is becoming more and more convinced by the day that one way or another, Clinton must go."

The article was entitled, "Do British Royals Have Clinton in the Crosshairs?"

A few weeks later, the *Feature* of our Dec. 2, 1994 issue was "British Monarchy Takes Aim at Another President"; the lead article described the extremely high level of threats against President Bill Clinton, and the historical record of British-sponsored assassinations of U.S. Presidents—Abraham Lincoln, James Garfield, William McKinley, and John Kennedy.

These articles, and virtually every article that *EIR* has published since early 1994 on the assault against the U.S. Presidency, has highlighted the central role of Ambrose Evans-Pritchard, the self-admitted British intelligence asset who was posted to Washington in late 1992 as the correspondent for the Hollinger Corp.'s *Sunday Telegraph*.

Evans-Pritchard returned to Britain in early 1997. (His subversive sojourn in the United States was described in "The Hyphenated Hoaxster" article in the June 19, 1998 *EIR*.) He is now back in the United States, and his Sept. 10 article was his summary of his Arkansas investigations.

'Ticking time-bomb'

What Evans-Pritchard uncharacteristically plays down, is his crucial role in instigating the Paula Jones case.

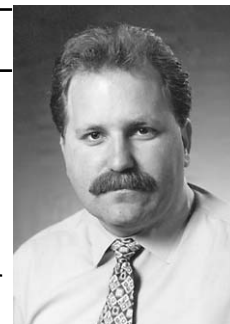
The name "Paula" was cited in the *American Spectator's* "Troopergate" article, published just before Christmas 1993. A few weeks after this, Evans-Pritchard was in Arkansas, and, according to his own account, he obtained Paula Jones's telephone number in California, and he then went to Long Beach to meet with her and her husband, and met with her mother and lawyers in Arkansas.

Around the time the Paula Jones civil suit was filed on May 6, 1994, Evans-Pritchard wrote a number of articles describing his role. In the *Sunday Telegraph* of May 8, Evans-Pritchard acknowledged that he had had "a dozen conversations with Mrs. Jones over the past two months." He furthermore admitted that "I happened to be present at a strategy meeting last month on a boat on the Arkansas River" at which Jones's attorney "was weighing the pros and cons of legal action."

A week later, Evans-Pritchard laid out the strategy of the case. It doesn't "matter all that much whether Mrs. Jones ultimately wins or loses her case," he wrote on May 15, 1994. "The ticking time-bomb in the lawsuit lies elsewhere, in the testimony of other witnesses."

Almost four and one-half years later, Evans-Pritchard now boasts that Paula Jones has "succeeded beyond her expectations, for she never imagined that her case would draw Mr. Clinton into a series of actions that would lead to forfeiture of office." (She may not have, but Evans-Pritchard certainly did.) Once Paula Jones got the go-ahead from the U.S. Supreme Court, with "the power of subpoena, with the broad 'discovery' permitted under U.S. civil law, Mr. Clinton was in trouble. Her lawyers could start to twist open the sexual can of worms."

Pritchard evasively describes that Jones's lawyers found out about Kathleen Willey, then about Monica Lewinsky, and how Linda Tripp was taping her discussions with Lewinsky, and that the President and the White House "did not know that the information had been passed on in great detail to the plaintiff's [Paula Jones's] lawyers." And then, on Jan. 17, 1998, the date of the President's deposition, "Mr. Clinton walked straight into the trap"—the trap set by his enemies almost four years earlier.



We want to drive a stake through the heart of prison privatization

Lance Corcoran, vice president of the California Correctional Peace Officers Association (CCPOA), gave the following interview to Marianna Wertz on Aug. 21. The CCPOA is fighting the privatization of California's prison system. Mr. Corcoran has been a correctional officer for 12 years and has worked as a weapons instructor and a member of the hostage negotiations team. Today he serves full-time as vice president of the CCPOA.

EIR: What is the CCPOA's position on prison privatization?

Corcoran: The California Correctional Peace Officers Association is adamantly opposed to the new trends towards privatization. Actually it's not a new trend. You're probably aware that, as of 1980, there were literally no private facilities in the United States. However, as budgets got tight, many states and local jurisdictions began looking to contract out, which was a practice that occurred in the 19th century and also the 18th century, when, again, budgets were taxed. They said, "Tell you what, we will farm out our responsibility to incarcerate individuals and we will allow it to go to the lowest bidder." That system was filled with abuse, not only from a humane standard, but from a security standard.

We worked hard, in California, trying to create a *profession* of corrections. We've had our failures, certainly, in the public systems as well, but we are still accountable to the public. We are still accountable to the taxpayers. That is different than what you're talking about in the private scenario, where you are accountable to a board of directors who are shareholders.

We are in opposition for a number of reasons. One is the moral obligation. We believe this is an inherently governmental function, in terms of deprivation of liberty. Number two is the financial argument, as to whether or not they're actually saving money, because their numbers are cooked, at best. They don't incorporate the costs of intense medical care that public facilities are required to provide for inmates with HIV, TB, hepatitis—those type of communicable diseases. Then also there's the legal argument as to whether it's constitutional for the government to contract out the deprivation of liberty.

EIR: What is the extent of privatization in California's prison system?

Corcoran: There are currently five companies operating private facilities in California. They are called community correctional facilities. They are for low-level offenders, return to custody, pre-parole. They are intensely screened prior to placement, and even with that screening, they have had their share of problems. Of the 155,000 inmates in California, roughly 5,000 are in contracted facilities. Some of that number is contracted with counties, which is still public oversight. Approximately 1,500, or about 1% of the inmate population in California currently, as far as state inmates, is contracted to private facilities.

EIR: What have been the effects of the recent developments in Youngstown, [Ohio] with the Correction Corporation of America's (CCA) handling of the private prison there?

Corcoran: I think certainly that has brought light to the issue, as far as the corporate mentality of the Corrections Corporation of America. They're far more concerned with doing well than they are with doing a good job. They don't care who they house in their facilities, regardless of the security requirement. They simply want to fill those beds so that they can get the *per diem*. I think Youngstown is a prime example of a corporation without conscience placing individuals into a facility that was woefully understaffed and also not designed to hold those particular individuals.

EIR: I understand CCA is now building a prison in California's Mojave Desert for which it has no contract. It just hopes one will occur—

Corcoran: Which is really offensive to me. The reality is, when it comes to the issue of criminal justice, we are not going to build our way out of this problem. CCPOA recognizes that, the state of California recognizes that. At the same time, you have the Corrections Corporation of America building a prison on speculation. Their theory is, if we build it, they will come. Our scenario is more, you need a balance between finding alternatives to incarceration, whether it be increased parole supervision or house arrest for low-level offenders, but at the same time, finding the way to build

adequate and secure facilities to house the individuals who refuse to reform.

EIR: Can you tell me the truth about the recent California state legislative hearings on allegations of abuse by guards at the Corcoran State and Pelican Bay prisons, from the standpoint of CCPOA?

Corcoran: I've been saying: There are hearings going on, but there's not a lot of listening. In any prison system, you are going to have allegations of abuse. Whether or not there is truth to those allegations is the real question. I don't believe that the intent of that hearing was to find the truth. It was the most prime example of partisan politics I have ever seen personally. I don't know that there was the intent to get to the truth.

They were predicated on a sensationalized article that appeared in the *Los Angeles Times*. The writer of that article is in a screen deal with Paramount Pictures and also two of the whistle-blowers, that allows for a dramatized version of their story to be told in a motion picture. I somewhat feel that some of the information that was shared has been dramatized, to bring more focus to it.

There are certainly problems with the Department of Corrections in California, but I don't think that they're systemic and I think that if you judge a system by isolated instances of abuse, then you are painting it with far too light a brush.

EIR: The chairman of the hearings was Senate Majority Leader Richard Polanco [D-Los Angeles].

Corcoran: Sen. Ruben S. Ayala [D-Los Angeles] and Senator Polanco and Sen. John Vasconcellos [D-Santa Clara] were serving as co-chairs. For the purpose of the hearing itself, Senator Ayala was the chairman of the committee.

EIR: Senator Polanco is an avid proponent of prison privatization.

Corcoran: Absolutely. He is an avid proponent of privatization. I think that his participation in this, and particularly I think that if you have an opportunity to watch some of the hearings and listen to the responses, you'll see that, no matter what was done to correct any allegations of problems, it is inadequate in the eyes of Mr. Polanco. I think his participation, if anything, really presents sort of a jaundiced view of what allegedly occurred.

EIR: Do you think the union is particularly being targeted in this?

Corcoran: Certainly. My profession was absolutely the second-class—I wouldn't even put it that high, we were the third- or fourth-class peace officers in California. When we stepped into the political environment and began getting involved in supporting candidates who support issues that are important to our members, suddenly we're the bad guys. Well, they leave out that there are numerous players in California, and

CCPOA is just a very small part of that. They like to use the moniker of the "powerful" prison guards union. I would say that we haven't been so powerful, as much as we have been somewhat successful. Certainly, if we were that powerful, I would think that we could have coordinated a hell of a lot better job of suppressing these allegations. But that's certainly not our intent. We've invited investigations. We've never interfered. But we do, vehemently, protect people's rights. I don't make any apologies for that.

EIR: As prisons are being privatized, not only is the union not included in representing the guards, but also the new guards are generally paid far less and are less well trained.

Corcoran: Absolutely. The training is abysmal and the pay is minimal. I think that when you look at their attrition rates, they are far higher. Nobody wants those jobs. That's what is really intriguing to me. It's almost to say that by allowing privates to come in and pay less and train less, that *anybody* can work as a correctional officer. I'm here to say that that's not true. To be successful, to be able to last in a career, to be able to deal with the day-to-day stress and not snap and not become part of the problem, I think it takes a unique individual. It's a very difficult job. There are literally very few rewards. We are not presented in a positive light at any time in any medium, whether it be newspapers, the TV news or Hollywood. It's very frustrating and it's very demoralizing.

EIR: Did you know that most of the prison privatization companies' stock values have plummeted by more than 50% in the last few months?

Corcoran: It's been absolutely wonderful! I am very encouraged by this. With the Youngstown debacle—and CCA may be on the ropes—we have formed a group called Corrections USA, with other states, and we are focussing mainly on driving a stake through privatization's heart, so to speak. We will be traveling to Nashville in October, to stage a protest at CCA headquarters, on Oct. 15 or 16. We are trying to rally officers from around the nation to be there.

We have associations with independent organizations from Oregon and Nevada, also New York, some of the local chapters from the AFSCME [American Federation of State, County, and Municipal Employees] affiliate there; Massachusetts, Rhode Island, Connecticut, New Jersey. We've been able to reach out to numerous jurisdictions. We're hoping that Oklahoma will participate. Obviously, the Tennessee State Employees Association, to me, has done an admirable job, given their relatively small numbers, in holding off privatization in that state, and we want to go back and give them all the support that we can.

EIR: In fact, the Schiller Institute, was instrumental in stopping that privatization in Tennessee.

Corcoran: It's been a great learning experience for me.

Procedural wrangle blocks HMO reform bill

Democrats and Republicans in the Senate both say they want to pass legislation to reform Health Maintenance Organizations (HMOs) this year, but can agree on little else. The latest chapter in this saga was triggered by a Sept. 1 letter from President Bill Clinton to Majority Leader Trent Lott (R-Miss.), wherein the President outlined his objections to the GOP bill. Clinton urged Lott to make the patients bill of rights bill the first order of business in the Senate upon its return from the summer recess. "Further delay," he wrote, "threatens the ability of the Congress to pass a bill that I can sign into law this year."

Senate Democrats immediately attempted to move the legislation forward. Minority Leader Tom Daschle (S.D.) offered a unanimous consent request which, he said, "would allow the Senate to take up the House-passed HMO reform bill, begin the debate, allow relevant amendments, and set the bill aside at the request of the Majority Leader to take up appropriations bills when they are ready to be considered." Mitch McConnell (R-Ky.) objected to Daschle's request, but Daschle vowed, "We will continue to press this matter. We will look for other opportunities," including offering the Democrats' bill as an amendment to any other legislation that comes along.

Don Nickles (R-Okla.) offered a unanimous consent request on behalf of the Republicans to bring the GOP version of the bill to the floor, with the Democrats' bill being allowed as a substitute amendment, and that both sides be allowed three other amendments. Edward M. Kennedy (D-Mass.) objected to Nickles's request on the grounds that the GOP was excessively limiting debate on the bill.

Nickles later warned Democrats that, "if they continue to insist on unlimited amendments, to where they can debate this issue all month, that is not going to happen. They will be successful in killing this bill, not the Republicans."

Campaign finance reform given new life by House

The passage by the House of the Shays-Meehan campaign finance reform bill on Aug. 6 has encouraged Senate backers of reform to have another go at it. John McCain (R-Ariz.), co-sponsor with Russell Feingold (D-Wisc.) of the Senate version, told reporters on Sept. 1, "We feel that it's important that this issue be reviewed again in the Senate."

One question McCain couldn't answer was whether supporters of reform had yet found the eight additional Republicans they need for a filibuster-proof majority. McCain was optimistic, however. "We now have a majority in both houses of Congress that have voted in favor of campaign finance reform, and that makes me absolutely confident that we will pass campaign finance reform either now or some time next year," he said.

Feingold said that the unexpectedly large number of Republicans who voted for the bill in the House (52), puts an end to the last of the excuses as to why reform will not be passed. McCain added that because the House vote of 252-179 changed the political dynamic, "we in the Senate have an obligation to act as well."

The following day, Minority Leader Tom Daschle (D-S.D.) offered a unanimous consent request for the Senate to consider the House-passed Shays-Meehan bill. As before, Daschle's request was blocked, with-

out comment, by Mitch McConnell (R-Ky.), who is an implacable opponent of campaign finance reform. Daschle indicated that one of the options left to supporters of reform is to offer the bill as an amendment to any legislation that comes to the Senate floor, a tactic that McCain had also indicated is likely.

Appropriations process heads toward gridlock

The Senate passed three more spending bills upon its return from the summer recess (the House did not reconvene until after Labor Day), including the Treasury/Postal Service; the Commerce, Justice, State and the Judiciary; and the Foreign Operations bills. Additionally, the conference report on the Military Construction bill was passed by the Senate on Sept. 2, and sent to President Clinton for his signature.

However, the veto threats hanging over seven of the remaining 12 bills, and uncertainties over the relationship between Congress and the President in the wake of the scandals emanating from Independent Counsel Kenneth Starr's assault on the Presidency, leave completion of the appropriations process up in the air.

Majority Leader Trent Lott (R-Miss.) told reporters on Aug. 31, that not only has President Clinton's credibility been lost as a result of the current scandals, but also he "threatens to shut down the government because we will not give him more money than he agreed to with us to spend last year." He said working with the President and his Congressional allies is difficult under the current circumstances, especially if they "circle the wagons and try to shut things down, and there have

been a lot of indications that may be exactly what they have in mind.”

Ironically, while Lott is accusing the President of wanting a government shutdown, some of his Republican colleagues in the House, lead by David McIntosh (R-Ind.), want to force such a confrontation, because they believe they can win it in the wake of the Starr-generated scandals.

Kennedy to offer new minimum wage increase

On Sept. 3, Sen. Edward M. Kennedy (D-Mass.) announced on the floor of the Senate that he will be introducing an amendment to increase the minimum wage to \$6.15 an hour by Jan. 1, 2000. One of the obstacles the bill faces, however, is that some Republicans are tying it to so-called bankruptcy reform.

“Too many citizens are just one paycheck away from bankruptcy,” Kennedy said. “Facing a sudden health crisis, a divorce, or some other family emergency, these families often have no choice but to declare bankruptcy.” Republicans have responded to this situation, he said, “with legislation to make it easier for banks and credit card companies to squeeze these already struggling families even harder,” referring to the bankruptcy reform bill championed by Charles Grassley (R-Iowa) and Richard Durbin (D-Ill.).

Kennedy said that despite the 1996 increase in the minimum wage, from \$4.25 an hour to \$5.15, the minimum wage “declined in terms of real purchasing power,” and increasing it to \$6.15 in the year 2000 will still leave it with real purchasing power of only \$5.76. If it is not increased, he said, then the current level will be \$4.82 in

real purchasing power, “which will put us close to the lowest levels in the last 35 years in terms of purchasing power for working families at the lower end of the economic ladder.”

Paul Wellstone (D-Minn.) indicated that the minimum wage amendment would be introduced on the bankruptcy bill, but when Majority Leader Trent Lott (R-Miss.) moved to take up that bill, Kennedy objected. Kennedy complained that the GOP wanted to move to a bill that affects 1.3 million people when there is other legislation, such as HMO reform that affects 120 million people, or the campaign finance reform bill passed by the House, that the Republicans refuse to take up. Additionally, “some are very concerned about the fact that some \$50 million have been expended by banks and credit card companies to move this legislation forward.” Lott then filed a cloture motion to proceed to the bankruptcy bill, with a vote scheduled on Sept. 9.

Democrats warn that farm crisis is getting worse

On Sept. 3, the Senate Democratic leadership announced several additional measures to address the farm crisis. Tom Harkin (D-Iowa) said that in the time since the Senate floor debates on the crisis in July, in which Republicans insisted that the 1996 Freedom to Farm bill could not be reopened, “the situation has become far worse.” He reported that commodities prices, such as for wheat, corn, soybeans, hogs, and barley, have gone down 12-26% just since July. “There can be no doubt,” he said, “that we have a disaster in Rural America, and we have to take some action.”

Minority Leader Tom Daschle (D-

S.D.) listed the measures the Democrats plan to introduce in the immediate future, most likely as amendments to pending legislation. These include an amendment to raise the loan caps on marketing loans, and one to increase the level of emergency cash assistance, up from the \$500 million that was passed in July. That amount “is unfortunately way too low, given the circumstances today,” said Daschle. Another would allow loan deficiency payments for corn harvested as silage, and another would provide farmers with an emergency storage program until prices improve.

Intersecting the debate on the farm crisis is the issue of fast-track negotiating authority, which was included in an omnibus trade bill marked up by the Senate Finance Committee on July 21. One of the arguments put forth by Republicans is that the way to address the farm crisis is to open up export markets, for which fast track trade negotiating authority is essential. Byron Dorgan (D-N.D.) told reporters on Sept. 8 that he believed the previous trade agreements negotiated with fast track were primarily responsible for the current situation in agriculture. He vowed to do everything in his power to make sure that fast track does not become law this year. “I’m sick and tired,” he said, “of trade agreements that undercut our agricultural interests, and I think I can demonstrate that that’s been happening time and time again in these trade negotiations. It’s not going to be happening any more if I can do anything about it.”

Dorgan was seconded by Daschle, who said, after the Democratic Caucus meeting on the same day, that Republicans are bringing up fast track in order “to make politics out of trade.” He added, “We don’t think this is the time or the place to make politics out of such an important issue.”

Editorial

President has mandate to clean out the traitors

The world is now watching with horror, as the U.S. Congress, goaded by a special prosecutor deployed by enemies of the United States, prepares to bring down the Presidency of the most powerful nation on Earth, just at the point that the collapse of the bankrupt monetary system poses the potential for global catastrophe, unless the U.S. President can take appropriate action.

The surreal grotesquerie of the drama unfolding in Washington was foreshadowed by the illegal air attack carried out by the United States on Aug. 20 against the Al-Shifa pharmaceutical plant in Khartoum, Sudan, which destroyed one of the largest medicine-producing factories in the Mideast and Africa. Since the attack, every statement by officials of the Clinton administration attempting to provide evidence that the plant was producing chemical weapons or their precursors, has been shown to be confetti. Administration officials even went so far as to say that they *did not know*—an unbelievable assertion given the United States' information-gathering capabilities—that the plant produced medicines.

In the days after the attack, the Organization of African Unity, the Non-Aligned Movement, and the Arab League have all given support to the just demand of the Sudanese government for a full UN probe into the air attack, and inspection of the Al-Shifa plant, to determine whether it was producing chemical weapons.

In the face of the overwhelming evidence that it did not, and the total lack of any evidence indicating the plant had any relation—financial or otherwise—to terrorist financial mogul Osama Bin Laden, the United States has offered neither a public apology nor compensation to Sudan, for a plant that supplied 60% of the antibiotics, anti-malarial medicines, and other necessary drugs for its population. Thus, it would appear that the United States is determined to reserve the right to act capriciously and arbitrarily against the sovereignty and integrity of any other nation.

The attack has forced the Sudan government—which has sought to cooperate with the United States on the investigations on the Aug. 7 bombings of the U.S. embassies in Kenya and Tanzania—to withdraw its diplomats from Washington, and thus has further

locked the United States into its war policy in East Africa, which is discrediting America in the eyes of Africans across the continent.

It is not believable that President Clinton would order such an unwarranted attack on his own. Rather, it is clear to the world that the President acted on the basis of information provided to his top advisers, and then passed to him. As *EIR* has documented, the so-called evidence of Sudan's intention to produce chemical weapons comes from sources linked to the British House of Lords, and also to the nexus of traitors who sponsored Israeli spy Jonathan Pollard, convicted of espionage against the United States.

In short, the attack on the U.S. Presidency, represented by the "Starr report" and the set-up that led the President to approve of an unwarranted act of war against another country, emanate from those who are known enemies of the United States and have been charged with the mission of destroying the credibility and capacity of the United States to act on humanity's behalf in the current global financial collapse.

This is not a personal matter for the President, but an extremely grave matter of state. The American people have shown that they do not support the extra-constitutional crusade to destroy the American President and his Office. They have also shown, as reported by Sudanese Ambassador to the United States Mahdi Ibrahim Mohamed at a Sept. 2 press conference exposing the outrageous lies behind the bombing of the plant, that they do not support the destruction of the Al-Shifa medicine plant.

Ambassador Mahdi made another point which the American people, and others, should take to heart. "Sudan wishes open and honest relations with the United States of America. These circumstances, as unfortunate as they are, could prove to be the beginning. And, in the normal and ordinary course of life, we have seen that it takes a crisis between two countries to open the real channels of dialogue and to open a new way for relationships," he said.

The crisis has gone as far as it should. It's time for the President to act.

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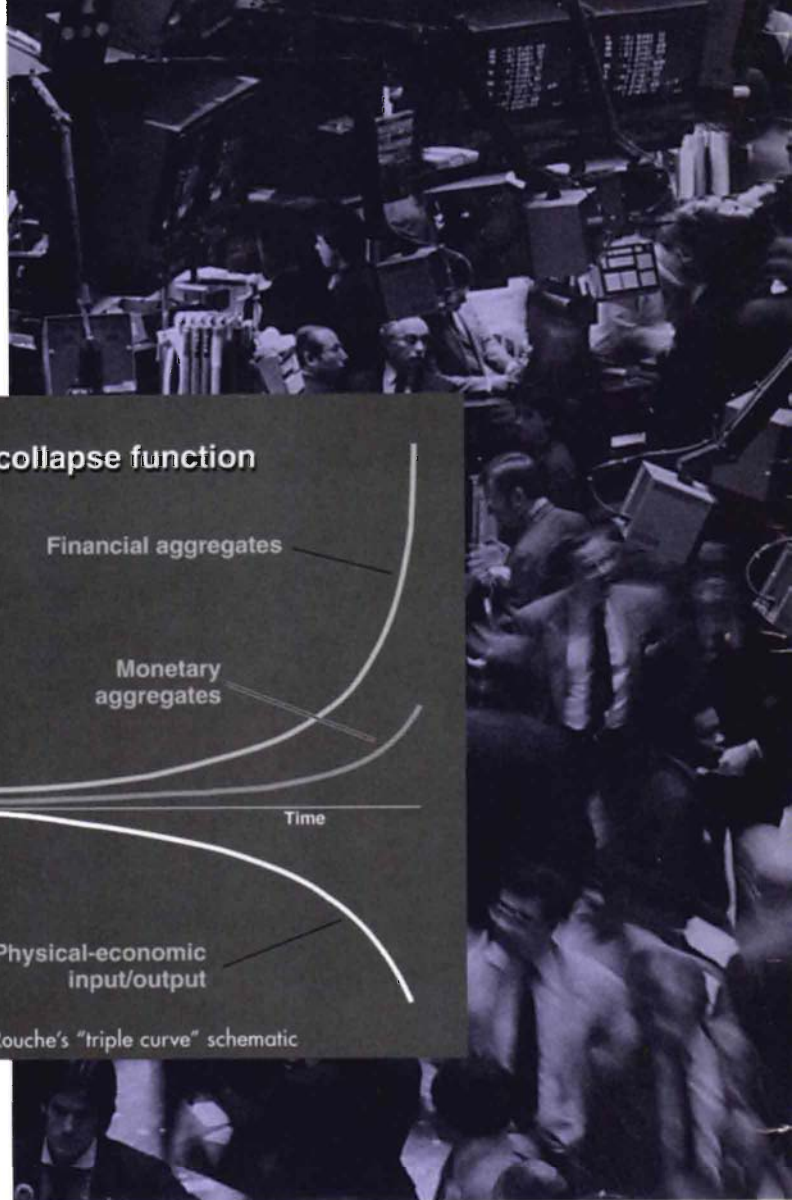
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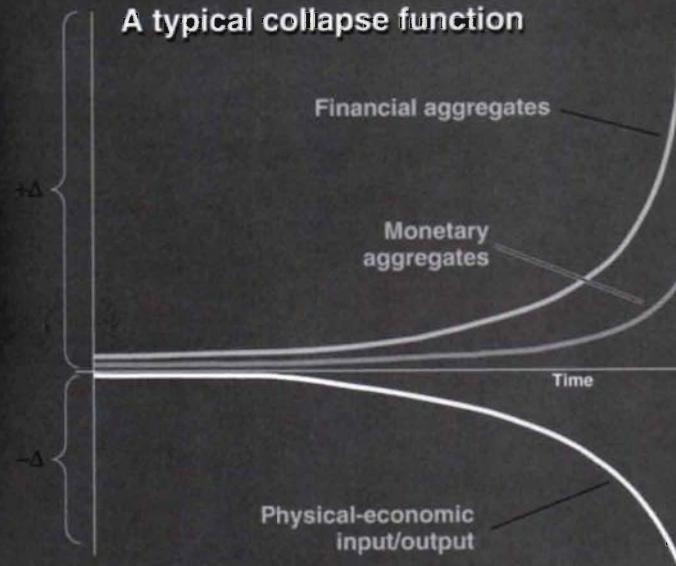
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LaRouche And EIR Have Been Right,



A typical collapse function



Lyndon H. LaRouche, Jr. and LaRouche's "triple curve" schematic

While Others Have Ignored Reality



A recent trading day at the New York Stock Exchange.

The politicians who continue the present posture of stubbornly ignoring the reality of the onrushing financial and economic crisis, will soon be crushed, and swept aside politically, by the reality they ignore. Then, the present writer's objective authority as a policy-shaper, is unique, not only inside the United States, but world-wide. To parody James Carville's delicious book, "They have been wrong, and EIR has been right."

—Lyndon LaRouche, Nov. 1, 1996

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