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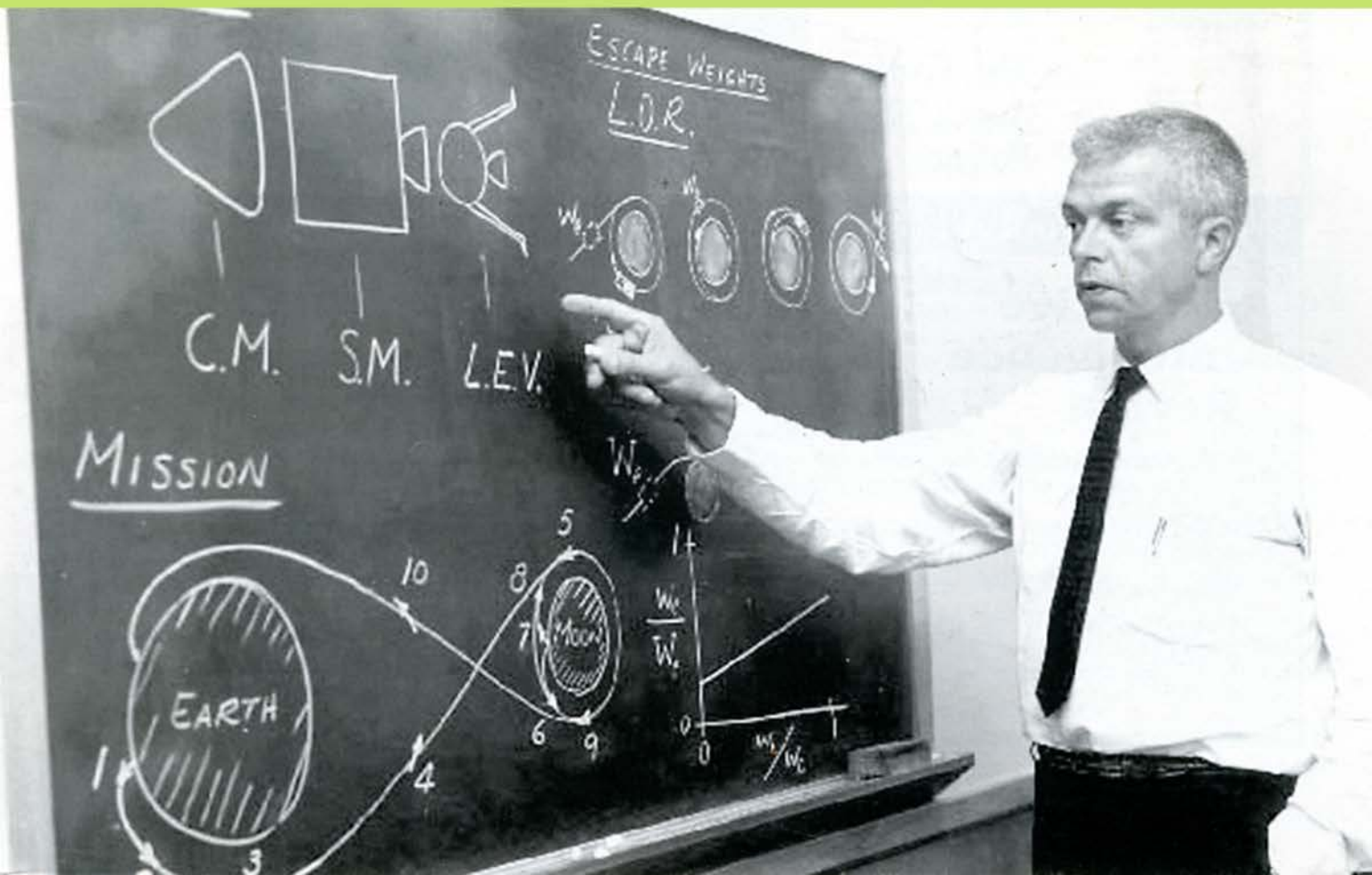
Executive Intelligence Review

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Bankers Peer into 'Black Hole' at Wyoming Meet
Elites Ignore Russian Shift at Their Peril
Foreign-Backed Taliban Threaten Central Asia

LaRouche: The Lost Art of Management

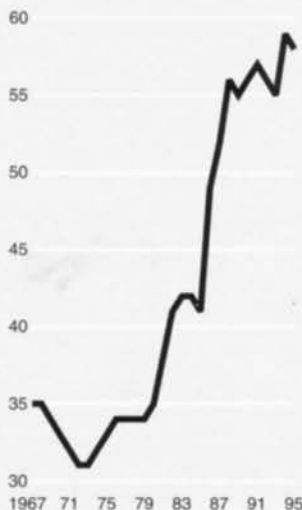


EIR Doesn't Print What's Popular, But Prints The Truth

The Truth About The Real Economy

Number of weekly paychecks required to buy new car

includes finance costs



The Truth About Their Policies

The Truth About The Bubble

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



LaRouche: Call Them 'The Baby Doomers'



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e-mail: eirns@larouchepub.com*

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

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

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

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From the Associate Editor

We are pleased to announce that Lyndon LaRouche's groundbreaking paper "On a Basket of Hard Commodities: Trade without Currency" (*EIR*, Aug. 4), is now in print in several languages: A Portuguese translation is circulating in Brazil (5,500 copies); a Spanish translation will appear in the next edition of *EIR's Resumen Ejecutivo*; and pre-prints of a Russian translation are making the rounds in Moscow and St. Petersburg.

In that article, LaRouche underlines that, as long as the bankrupt IMF monetary system still exists, nations must defend their interests by instituting measures which operate entirely outside the control of that doomed system. Instead of a "basket of currencies," as some have suggested, to substitute for the role played by the dollar during the 1945-63 Bretton Woods System, LaRouche proposes a "basket of commodities." But, not just *any* commodities.

In this week's *Feature*, "The Lost Art of Management," LaRouche takes that analysis further, defining the principles that control the proper composition of such a basket of commodities, as a new international, practical index of economic value.

We go to press as the International Caucus of Labor Committees and the Schiller Institute are assembling for their annual Labor Day conference. LaRouche's keynote speech is titled "Storm Over Asia, Take Two: I Told You So, and Now It Is Happening."

In this week's issue, we have extensive documentation of how that "storm" is building. Particularly significant, is the political and cultural shift ongoing in Russia, in the aftermath of the sinking of the *Kursk* submarine. The truth is the exact opposite of what the maniacal Zbigniew Brzezinski said, in the *Wall Street Journal* on Aug. 29, when he raved that the Putin regime's reactions to the *Kursk* disaster were "characterized by mendacity, deception, incompetence, indifference to human life, preoccupation with national prestige, and paranoia over state secrecy."

In *Strategic Studies*, we report how the Brzezinski gang has revived the British "Great Game" against Russia and the Central Asian republics. They are playing a dangerous game—which will become even more dangerous, should either Al Gore or George W. Bush become the President of the United States, delegated with the responsibility for conducting the foreign policy of this nation.

Susan Welsh

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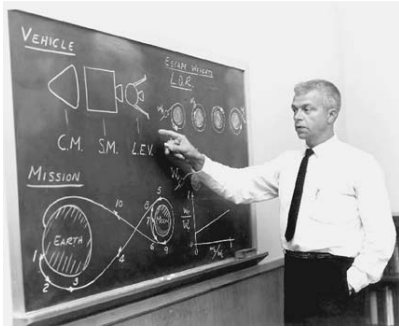
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Banking officials are talking about "macro-economic shocks," "systemic financial disturbances," and "worst-case scenarios" in discussing the global financial crisis. As bankers gathered in Jackson Hole, Wyoming, there was a sense that "another big crisis might well be on the way, and that there was no clear prescription for dealing with it."

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Feature



John Houbolt, an engineer at Langley Research Center in Hampton, Virginia, explains the Lunar-Orbit Rendezvous concept at a briefing in 1962. This mode was the one eventually chosen for the Apollo Moon landing in 1969.

10 The Lost Art of Management

Lyndon H. LaRouche, Jr. writes, "The economics illiteracy presently popular among virtually all political leaders, economists, and top managements of less than fifty-five years of age, echoes what was previously the frequent general eruption of intellectual and moral decadence during the late, downward phase of a cycle, in the record of the rise and fall of cultures of the past. Plato famously placed emphasis on the significance of this problem. It is a problem which we today must come to understand, if we are to be successful in our attempt to pull our imperilled civilization back from the brink of a threatened global new dark age." In this paper, LaRouche clarifies "what today's leaders must come to recognize as the deeper meaning which they ought to attribute to the term 'full set economy.'"

International

44 World Leaders Ignore Russian Shift at Their Peril

Changes of great import are under way in crucial policy areas in Russia. They are a response to the battering of the country's very basis for national security. As Lyndon LaRouche warned in his October 1999 videotape, "Storm over Asia," Anglo-American policy is pushing the world toward war.

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Central Bankers Peer into 'Black Hole' at Wyoming Meet

by William Engdahl

At the end of August, a flurry of central bank meetings were occurring around the globe, at which many top-level officials spoke bluntly about financial “shocks” coming soon. Think of “worst-case scenarios,” was the expression used on Aug. 24 by Bank for International Settlements president Urban Bäckström. Even Bank of England head Eddie George—whose banker faction wants to be on “top of the heap” of what’s left in a crash—spoke on Aug. 27 of “macro-economic shocks” and “systemic financial disturbances.”

On Aug. 26-27, top figures of international central banking, the International Monetary Fund (IMF), and the Bank for International Settlements (BIS) engaged in discussion about the shape and timing of the next global financial crisis. As one firsthand report said, the “discussion was nervous.” There was a sense that “another big crisis might well be on the way, and that there was no clear prescription for dealing with it.”

The meeting, sponsored every August at the resort town of Jackson Hole, Wyoming by the Kansas City Federal Reserve, as an informal forum to debate current global financial policy issues, included Federal Reserve Chairman Alan Greenspan, European Central Bank Council member Tommaso Padoa-Schioppa, BIS official Andrew Crockett, IMF Deputy Managing Director Stanley Fischer, IMF chief economist Michael Mussa, World Trade Organization head Michael Moore, and numerous international central bank and financial policymakers and academics.

Greenspan set the tone of an agenda nominally dealing with “Global Economic Integration.” After a description of the wonders of the American information technology revolution, he added a clinically revealing caveat: “It is by no means

self-evident that these trends [toward globalization] will eventually lead to world convergence of economic regimes. . . . Even among liberal democracies, one can still find deep-seated antipathy toward free-market competition and its partner, creative destruction, to use Joseph Schumpeter’s now famous insight.”

Greenspan’s concern is that a financial crash would reverse submission to globalization, and lead to challenges to the power of the financial oligarchy. He warned, “Should recent trends in economic growth falter, it is quite imaginable that support for market-oriented resource allocation will wane, and the latent forces of protectionism and state intervention will begin to reassert themselves in many countries, including the United States.”

In one of the few hints of the nervous mood behind the scenes at Jackson Hole, Greenspan took issue with the benign report of IMF chief economist Mussa. According to the Swiss financial daily *Neue Zürcher Zeitung* of Aug. 28, Mussa told the bankers that he did not believe a return to protectionism is possible. Greenspan interrupted, saying, “Also in the year 1913, on the eve of the First World War, people were convinced of the unavoidability of a globalization of trade, and no one had the slightest idea what was to come.”

The Weakness of the U.S. Economy

A major concern of Greenspan and the central bankers gathered at the retreat, is the growing likelihood that the record high U.S. current account deficit, which mushroomed over the past three years since the so-called Asia crisis began, will be the ultimate cause of a global systemic crisis.

Although Greenspan was silent on the strength of the dol-

lar, the conference featured a presentation by two academic economists, Maurice Obstfeld of the University of California and Kenneth Rogoff of Harvard. They presented two options—a massive dollar devaluation after a U.S. stock market crash, or a sudden end to foreign investors' spending in the United States, which would crash the U.S. economy.

Citing the current account deficit, primarily from trade imbalances, of more than \$400 billion annually, a record 4.3% of U.S. Gross Domestic Product, they asked the audience, "How long can the global economic system sustain such enormous borrowings by its largest member, and what would be the consequences, especially for exchange rates, of a sudden reversal?" With present U.S. net foreign indebtedness—that is, the obligations to foreigners who hold U.S. corporate and government bonds or extend loans to U.S. citizens or companies—now around 20% of U.S. GDP, or approximately \$1.7 trillion, they argue that were, say, the hyperinflated U.S. stock market to really crash, i.e., to plunge 30% or more in a matter of days, it might force a devaluation or collapse of the U.S. dollar by some 45%, in an effort to stave off mass unemployment, as foreigners rushed to liquidate dollar assets.

The real debates at Jackson Hole, however, took place far from the ears of world media, behind closed doors. Jackson Hole is chosen as the site for the annual policy gathering precisely because of its remote location, to facilitate frank and open discussion. Yet, as one participant summed up the mood, off-the-record, there was a sense that, "while the last crisis had passed without much permanent harm, another might well be on the way, and that there was still no clear prescription for dealing with it."

'Worst-Case Scenarios'

There were similar warnings by other financial officials. In Bangkok, at a seminar on "Financial and Monetary Stability," Urban Bäckström, Governor of the Swedish Central Bank and chairman of the board and president of the BIS, spoke of bubbles bursting. On Aug. 24, he said, "If asset prices have been driven up to unsustainable levels that do not correspond to the underlying fundamentals, we are faced with a special kind of problem. We know from experience that speculative asset price bubbles eventually burst. When they do, collateral values will fall and balance sheets deteriorate, potentially threatening the stability of the banking system."

On the latter point, Bäckström spoke with foreboding. "A second and related risk is that high asset prices might lead to complacency about debt levels. . . . Rising levels of household and corporate indebtedness in some industrial countries, as well as rising levels of external indebtedness in a number of emerging market countries, are based on expectations of continued strong growth in income and production. . . . Volatility is intrinsic to financial markets. Our experience during

the 1990s clearly demonstrates the danger of basing decisions solely on a single central scenario, rather than on a range of possible—including worst case—scenarios."

More "shock talk" was forthcoming from the Governor of the Bank of England, Eddie George, in an Aug. 27 speech to the Association of Professional Bankers in Colombo, Sri Lanka, the day after a conference of Asian-Pacific bankers, also in Colombo. George said, "The importance of strengthening our defenses . . . against systemic financial disturbances can hardly be over-emphasized."

BIS Worries

Only 48 hours after the close of the Jackson Hole gathering, the Basel, Switzerland-based Bank for International Settlements, the organization of the world's major central banks, issued its view of potential detonators of a systemic crisis in the financial system. (Recall that the BIS warning in June, that "a hard landing" would hit the United States, was blacked out by U.S. media, with the exception of this news service and a very few others.) In its *Quarterly Review* of global financial developments, the BIS expresses significant concern over the recent explosion of bank lending to international telecommunications companies, as well as new evidence of an alarming bubble in real estate in parts of western Europe, but especially in sections of the U.S. market.

"Recently, much attention has been focused on the high valuations in global equity markets. Yet," the BIS central bankers warn, "real property prices have also registered significant gains over the last few years in many countries." Noting that a collapse of a real estate speculative bubble led to the banking crises in the U.K., Scandinavia, Japan, and the United States over the past decade or so, the BIS adds, "Historically the extensive use of real estate as collateral has been the main source of losses for banks." The BIS points to price increases in excess of 40% in major U.S. cities as cause for worry.

"What concerns me is the leverage based on real estate as collateral today," commented S.J. Lewis, a prominent City of London bond strategist and economist at Monument Derivatives Ltd. "The new element is especially worrisome in the U.S. real estate banking market, where banks are 'bundling' groups of commercial or home mortgages into new securities, so-called asset-backed securities, insuring them through an insurance company, and reselling them at a discount to investors. But, unlike in the late 1980s real estate bubble, today, high-risk or sub-prime mortgages are being bundled and sold. The amounts run in the hundreds of billions of dollars. Should there be a new real estate collapse, for whatever reason, this one could get very nasty indeed."

The Telecoms: 'Staggering Debts'

The second major worry reflected by the latest BIS review is the staggering amount of recent bank loans tied up in highly

risky telecommunications activities. “The most striking development in the international banking market in the first quarter of 2000 was a surge in cross-border lending within developed countries,” the BIS reported noted. “The main impetus was a strong demand for financing by borrowers in Europe, particularly by telecommunications firms.” The BIS cites a “spectacular surge in cross-border bank lending in the first quarter, to \$404 billion from \$117 billion in the final quarter of 1999.” The funds, they say, went “to support mergers, acquisitions, and bids for third-generation mobile phone licenses.”

The latter licenses are being “auctioned” off to the telecoms by various European governments. It is the focus of the latest phase of global Internet mania, with European telecommunications firms desperate to build networks of cell phone customers for the next-generation high-speed mobile units.

One small problem is that the UMTS technology, as it is known, is at least several years away. In addition, after landing an expensive license from the governments of Britain or Germany, the telecom firm has to spend huge sums on building an entirely new UMTS infrastructure across Europe. Some industry sources estimate that that will add another \$150-200 billion to the cost of UMTS.

The auctions themselves are reaching absurd heights of speculative bidding. In the first auction, the British international telecoms paid a combined \$41 billion for licenses there. But in Germany, where the bidding ended in mid-August, the sum topped \$50 billion. The telecoms now have to go to the international bond markets or to their private bankers to get the cash to pay the licenses, and France and Italy have yet to hold their auctions. A major borrower in international bond markets has been Deutsche Telekom, which in addition to paying billions for its UMTS license, is bidding \$52 billion to take over the U.S. mobile phone operator VoiceStream.

“The debts of these once-staid telecoms are becoming staggering,” warned Lewis. “This is the equivalent of the rush of capital into the emerging markets in the mid-1990s. Only, unlike with Thailand, there is no provision for an IMF bailout of AT&T or Deutsche Telekom or Vodafone should they collapse. I see this as perhaps the most alarming factor in international debt markets over the coming months. Mr. [Lyndon] LaRouche may well get his October crash from this.”

(Actually, LaRouche’s formulations are more precise, and he is not “predicting” an October crash. In “Regional Reorganization Under a New Bretton Woods” [*EIR*, June 16], for example, he wrote: “As I have warned, repeatedly, no one can predict the exact hour of the day the present system’s bankruptcy will be made official. Since the fateful blunders of the October 1998 Washington monetary conference, the system as a whole has entered fully into its terminal phase of collapse. Exactly how it will collapse—whether by deflationary chain-reaction, by hyperinflationary explosion, or by

being placed in bankruptcy-reorganization by governments—is a ‘Utah death-sentence’ style of choice, still to be made by relevant governments; but the collapse is now inevitable, and will occur soon—very soon, perhaps before November, perhaps before the August U.S. Democratic Party nominating convention.”)

The Gold Derivatives Time-Bomb

Yet the danger of an imminent dollar crash triggered by a U.S. stock collapse, a collapse of the U.S. and European real-estate-leveraged bubble, or a bankruptcy of a major telecom conglomerate are not the only possible detonators. There are countless others out there, according to bankers familiar with the slippery slopes of international finance. One is the prospect of a derivatives-led collapse of the “gold carry trade” bubble.

A study recently released by the private gold market research and lobby organization, Gold Anti-Trust Action Committee (GATA), warns of an imminent derivatives-led debacle in gold. The study, which was prepared for submission to members of the U.S. Congress, argues that the decade-long fall in the price of gold, from near \$500 per ounce to current levels of \$275-280, can only be explained by a derivatives-led manipulation of gold markets.

Documenting in detail the fact that year after year, world consumption of gold has been significantly higher than production and reuse of scrap gold, they make the obvious point that that normally would argue for a booming rise in gold prices. The opposite has been the case.

While the exact volume of gold derivatives contracts is impossible to ascertain, GATA estimates, conservatively, that “short positions” on gold, obligations to buy physical gold at some specified future date, already exceed the equivalent of 10,000 tons of gold. This is some four times world annual gold mine production.

Clearly, the GATA study argues, should any event cause a sharp rise in gold price, the huge size of the derivatives “short” positions, that is, bets that the price will continue to fall, could “threaten the international financial system.” The authors cite the Sept. 26, 1999 surprise announcement by 15 European central banks, of plans to control future gold sales, which caused an \$84 per ounce rise in the price of gold within hours, as indicative of such an unexpected event. “Should it leak out in public how huge the short position of even one large bank is,” GATA says, other banks would rush to buy physical gold, “knowing that the short position is too huge.” That, in turn, could trigger a drastic panic buying of gold as “short-covering” by other banks.

The GATA report cites the giant Swiss bank UBS, Deutsche Bank, and J.P. Morgan as three of the largest speculators in this gold derivatives game. UBS and Deutsche Bank have also been among the leading lenders to commercial real estate as well as to telecoms in recent months. Interesting coincidence, eh?

EIR SPECIAL REPORT

THE 'NEW ECONOMY' IS DOOMED

The Fraud of the Information Society

The Group of Eight heads of state, meeting in Okinawa in July 2000, proclaimed as its major accomplishment, the establishment of a task force aimed at giving the Third World access to the "Information Revolution." In a parody of Marie Antoinette, they said of the world's poor: "Let them eat laptops!"

EIR's Special Report rips apart the fraud of the Information Society, and tells what must be done to restore economic health to nations where billions of people face hunger and death by infectious disease, while transport, power, and water infrastructure is collapsing.

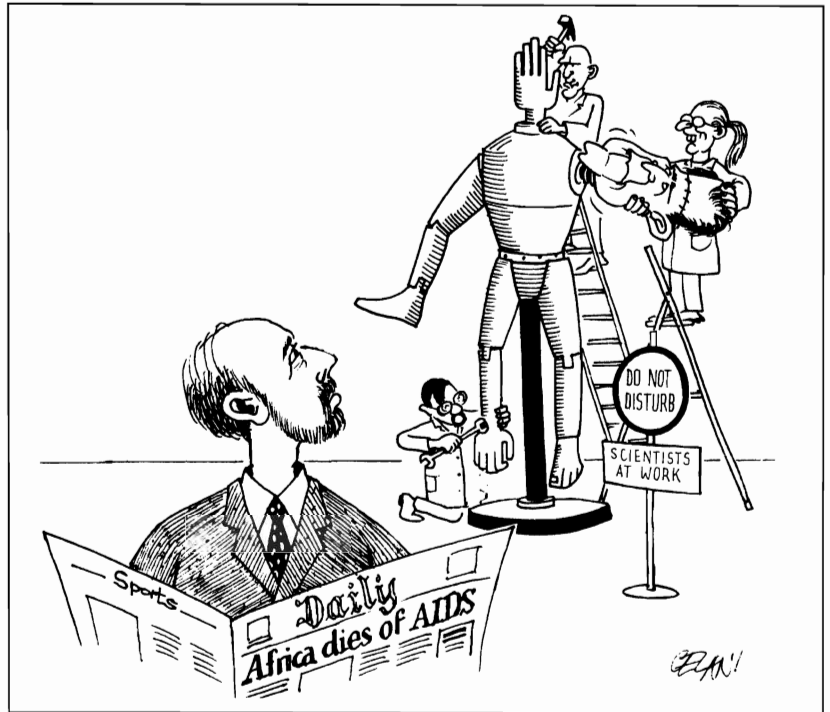


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- "Systems Analysis as White Collar Genocide," by Lyndon H. LaRouche, Jr. Reprint of a 1982 article.

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Business Briefs

Public Health

U.S. Said Vulnerable to Biological Attack

The breakdown of the U.S. health care and public health system has crippled the United States' ability to respond to an epidemic, and left it vulnerable to biological attack, Dr. Tara O'Toole, Deputy Director of the Johns Hopkins University Center for Civilian Bio-defense Studies, indicated in a talk at the Center for Strategic and International Studies in Washington on Aug. 23.

O'Toole pointed out that more than 1,000 hospitals have closed since 1990, and 30% of those remaining are losing money; even for those that aren't, the margin of profit is much smaller than it used to be. The just-in-time supply and staffing methods that hospitals have adopted have wiped out the surge capacity of both hospitals and the drug supply system. In short, she said, "Hospitals are ill-prepared to cope with epidemics." The same problem extends to the public health system as well. While state and local public health officials have the legal authority to do what they need to in the event of an epidemic outbreak, the problem, said O'Toole, is "how to translate laws into actions."

O'Toole proposes a robust research and development effort to make biological weapons obsolete (she defines "robust" as \$3 billion per year), preparing the medical and public health communities to respond to intentional epidemics, and ensuring that the public health system has the capacity to detect, track, and contain epidemic outbreaks.

Petroleum

OPEC: 'Speculation' Is Behind Price Volatility

Organization of Petroleum Exporting Countries Acting Secretary General Ghanem said that speculation is behind oil price rises, at an industry conference in Vienna on Aug. 24. "We don't see a real shortage of crude. We think that the fundamentals of the market are okay," he said. Then, in a comment virtu-

ally blacked out in Western media, he added: "I believe that the movements of prices these days, as well as the recent two months, are essentially due to speculation. Supplies coming from inside and outside OPEC have been greater than demand. In the second quarter, specifically, supply surpassed demand by more than 2 million barrels" per day.

Ghanem did not rule out an OPEC output increase in the near future. "If this price level continues, then of course OPEC has to do something," he said. OPEC does not want to disrupt the world economy.

According to media reports, only Saudi Arabia has the capacity at the moment to dramatically increase crude oil production. Most other OPEC members are running at peak production capacity.

The Venezuelan government has said that "consumer governments were to blame for high prices through market speculation, high taxes, and costly environmental rules."

Middle East

Saudi Arabia Readies National Rail Network

Saudi Arabia is building a 3,000 kilometer rail network, the Arabic daily *Al-Hayat* reported on Aug. 22. In September, a consortium which includes Saudi and Canadian firms, according to its head, Salih Matbaqani, will "present to the Communications Ministry . . . a detailed plan on building the proposed network, which crosses the country north-center and east-center west."

One rail line is proposed to go from Al-Qarayayt in the north, close to the Jordanian border around Al-Jawf, south to Hail, Al-Qasim, Buraydah, and Riyadh. This area contains the highest density of agricultural projects in the country.

The other line goes from the east, at the Persian Gulf city of Al-Dammam, Dhahran to Riyadh, to meet the line coming from the north. The eastern coast has the nation's biggest petroleum and petrochemical production capacity.

The two lines are proposed to proceed from Riyadh to the west to Medina, Mecca, and the Red Sea port cities of Jeddah and

Yanbu al-Bahr. The western part of the country, including the rectangle Medina, Yanbu, Jeddah, Mecca, and the southeastern province of Asir (bordering the Republic of Yemen) has the highest population density.

According to a World Bank estimate, the project will cost \$3.4 billion. Previous reports state that it could take four to five years to complete. Matbaqani says that private and public institutions in Saudi Arabia and abroad are interested in financing the project. The project is also backed by a number of Saudi businessmen and royal family members.

According to *Al-Hayat*, "preliminary studies of this project done by international agencies, state that it is possible to link Saudi Arabia with the 'Middle East network' which includes the Basrah line [southern Iraq] and to Palestine and beyond that." It has not yet been made public how the Saudi network would link to Iraq, Jordan, Syria, Turkey, and Egypt, as a way of connecting to the Eurasia-Africa network.

This project is a reflection of the growing attention being given to building the Eurasian Land-Bridge, also known as the New Silk Road, in the Middle East.

Raw Materials

Japan Fights Crown's Grab for Iron Ore

The British Crown's raw materials cartel, led by Rio Tinto, is maneuvering to seize even greater control of the world's iron ore production, and panicked Japanese steel producers are fighting the moves. Japan's steel mills were so opposed to a takeover bid by Rio Tinto for Australia's second-largest iron ore producer, North Ltd., announced in June, that they backed a "white knight" bid by the other giant, Anglo American. This sparked a bidding war that Rio won, giving it unprecedented dominance in global iron ore production, and putting Japan's steel mills somewhat at its mercy.

Rio has continually tried to break down the traditional Japanese "family of companies" method of collective business deals, specifically the Japanese Steel Mills (JSM) buying cartel, through which the Japanese

SOUTH KOREAN Construction and Transportation Minister Kim Yoon-Ki announced on Aug. 24 that to facilitate the “free flow of personnel and materials, serving as a bridgehead for both Koreas to form the same community at an early date,” both Koreas have agreed to build a highway through the Demilitarized Zone to reconnect the country. Ground-breaking is scheduled for Sept. 15.

THE CHINESE *People’s Daily* on Aug. 23 editorially praised the “bright prospects of the new Eurasian Continental Bridge,” and its potential to “open a new passage” for trade from Japan, both Koreas, and Southeast Asia, with Europe, Central Asia, and the Mideast. It “is progressing gradually toward a compound three-dimensional transport passageway that encompasses railway, highway, airway, waterway, and pipeline as well as cable communication.”

MOROCCO “has discovered oil and gas of good quality in the Talsent region in abundant quantities, which means that the country will be transformed from an importing to a producing country,” King Mohammed VI announced on Aug. 21. One estimate is that the Talsent region alone contains 20 billion tons of quality grade oil, which is the size of Mexico’s oil reserves.

THAILAND has a new incentive to develop nuclear power because of rising oil prices, a government expert told Thailand’s *Business Day* on Aug. 21. The state energy company EGAT had mothballed plans to investigate the potential of nuclear power following the global economic crisis which broke out in Asia in Summer 1997.

CROATIA’S unemployment rate was officially 20.5% in June, 9.4% higher than in June 1999. According to the unions, real unemployment is much higher. There are an additional 160,000 workers who are still formally employed, but have not been paid salaries for months. With these people counted, the rate would increase to 32%.

have collectively encouraged and even underwritten new iron ore producers, which have kept prices stable and, more importantly, ensured supply stability. For example, it was Japanese money that sparked the development of Australia’s now massive iron ore industry in the Pilbara region of Western Australia in the 1960s, through both direct investment, and guaranteed long-term contracts.

Despite the benefits they received from Japanese patronage, Rio Tinto forcibly bought out JSM minority shareholding of its Hammersley iron ore mine in 1981, and then, in 1987, led a proposed sellers’ cartel, comprised of Australia’s BHP and Brazil’s Companhia Vale do Rio Doce, the world’s largest iron ore producer, whose development was also subsidized by Japan, to take on Japan’s buyers’ cartel. In the decade since, the market value of Japan’s steel mills has fallen from seven times, to just half the combined value of Rio Tinto and BHP today. In that time, the JSM’s profit margins have been squeezed, while the Pilbara iron ore producers’ margins are more than 40%. These high margins give the lie to Rio’s and BHP’s union-busting against their Pilbara iron ore workforces, demanding “productivity gains” to remain “competitive.”

Crown cartel companies now control or have significant interest in all major global iron ore producers, leaving Japan no independent iron ore supply.

Banking

Dutch ING Group To Open Virtual Banking in U.S.

The Dutch insurance and banking giant ING Group, which already owns a dozen U.S. insurance companies, is planning to open what the Aug. 26 *New York Times* called a “virtual bank” on the Internet. It plans to unite all its U.S. businesses under its name as a way of building up ING as a brand name in the United States. Rather than having a branch network, its new ING Direct bank will use, in the words of the *Times*, “a scattering of cybercafés where people can drop in to buy pastry and coffee, surf the web, and perhaps check their digital accounts.”

As with most online banks, ING Direct will pay higher interest rates to attract deposits, but will not offer checking accounts. ING is now one of the larger U.S. insurance companies, thanks to its recent acquisitions of ReliaStar Financial Services and the non-health insurance units of Aetna Financial Services. According to one analyst, the financial services sector will eventually consolidate into about ten companies, and ING plans to be one of them.

Health

Kenya, Japan Produce Improved HIV Test Kit

A technological partnership between Kenya and Japan has resulted in a local HIV testing kit that will bring down costs and improve accessibility to testing, the Kenyan daily *The Nation* reported on Aug. 24. The Japanese government sees the initiative as one of technology transfer to developing nations as they grapple with devastating diseases such as AIDS. Japan and Kenya have “successfully developed an HIV screening kit whose main objective is to ensure safe blood supply countrywide through the use of simple technology,” said Morihisa Aoki, Japan’s Ambassador to Kenya, during a training program on blood screening strategies for viral hepatitis B and HIV/AIDS in Sub-Saharan Africa.

The kit is easy to use in rural areas because it does not require sophisticated equipment or electricity. The kit is being piloted in seven provincial hospitals and five other evaluation centers. The biggest benefit of the kit is clearly cost. There are other HIV testing kits in Kenya that also do not require electricity, but these remain out of reach for most hospitals because of their exorbitant cost.

Another advantage of the kit is that its users only require a short training period. Last February, 16 users of the new test from Ethiopia, Eritrea, Ghana, Tanzania, and Zimbabwe were also training at KEMRI, the Kenyan firm working to develop the kit. Experts from a Japanese firm which manufactures Seroda, another rapid test kit, came to Kenya and trained KEMRI scientists. Three KEMRI scientists later went to Japan for further training.

The Lost Art of Management

by Lyndon H. LaRouche, Jr.

August 15, 2000

As of mid-August, the world's ongoing financial crisis has reached the terminal phase, at which there can be no reasonable doubt of this fact among leading circles. The U.S. economy is lurching at the brink of the worst systemic, global financial collapse which European culture has experienced during recent centuries. Today, only pathetically ignorant people, outright liars, or fearful hysterics, still deny that the early eruption of an inevitable, great, global financial collapse is already in progress.

The current economic crisis is not something which might, or will happen; it is something which is already under way. The only relevant questions are, when the already existing, hopeless bankruptcy of the system will explode into the streets, and whether this will occur as a single event, or as the cumulative effect of a chain-reaction series of crises ricocheting around the world.

The evidence of this factual state of affairs, is not only conclusive; it is also massive. For example, there is the decades-long decline in the share of total U.S. national income represented by the lower eighty percentile of family-income brackets (**Figure 1**), and by a fearful attrition in the demographic functional composition of the households in those brackets.

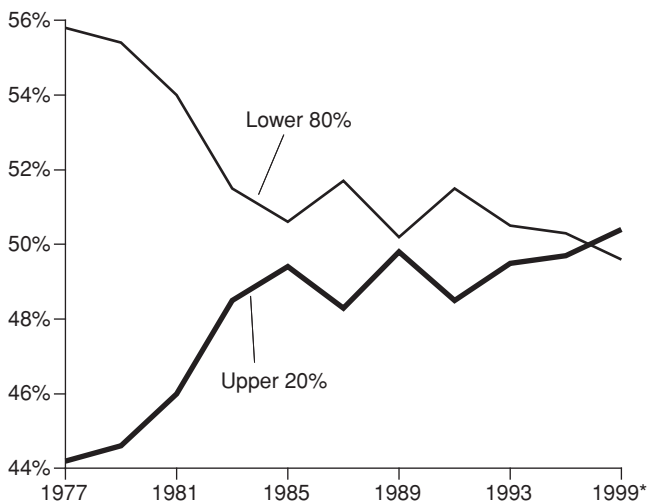
There is the decades-long collapse of physically essential basic economic infrastructure, and the increasing savagery with which the health care and other social-welfare standards are being gouged presently by the supporters of both Governor George Bush and Vice-President Gore, in the attempt of both to rig flows of funds, away from the real economy, into the pockets of the financial speculators dominating the upper twenty percentile of family-income brackets.

These developments may be compared with the virtually fatal, currently accelerating trend of increase of U.S. national current account deficit (**Figure 2**), and the dependency of the U.S. financial system upon massive inflows sucked out from such sources as the so-called Yen and Euro "carry trades." An ominous indication,

FIGURE 1

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

(percent)



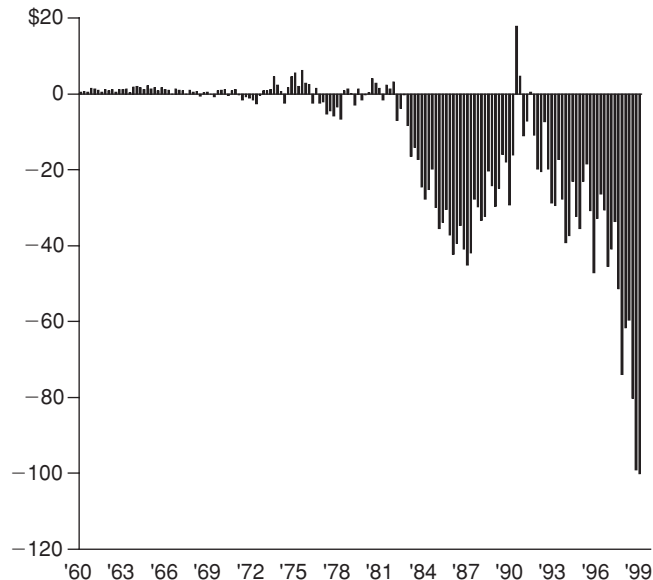
*Projected

Sources: Congressional Budget Office; EIR.

FIGURE 2

U.S. Current Account Balance, 1960-99

(billions \$)



Source: U.S. Department of Commerce.

is the skyrocketing ratio of global short-term financial indebtedness to the estimated total GDP of all nations combined (Figure 3).

Our U.S.A. is, in fact, a bankrupt national economy, subsisting only, like the British Empire of yore, by its tyrannical use of raw political power to exact tribute from much of the rest of an already looted world.

The only notable argument against these facts, continues to be a Goebbels-propaganda-like effort, from leading U.S. and other circles, to attempt to show, that although the evidence shows that the real economy is collapsing, the wonder weapons of Federal Reserve Chairman Alan Greenspan's so-called "new economy," promise triumphant blessings just ahead. Meanwhile, despite intrinsically fraudulent propaganda tricks deployed in attempts to conceal the fact, the current statistical evidence is, that during recent weeks, the U.S. and world market entered into the early phases of a hyperinflationary commodity-price spiral, like that which struck Weimar Germany beginning approximately July 1923 (Figure 4). The financial-speculation-driven, zooming price of petroleum and of other categories, shows that, despite official lies, the hyperinflation in nominal financial assets since the Washington monetary conferences of October 1998, has now begun to spill over, inevitably, into a global commodity-price-inflation spiral, one like that experienced by mid-1923 Germany (Table 1).

If we are to put our finger upon a workable solution for this presently onrushing collapse, we must start from the fact,

that the form of economy existing in the U.S.A., western Europe, Japan, Korea, etc., during the first decades of the post-war period, 1945-1965, with all its vacillations and other shortcomings, must be viewed today as relatively a howling success, when that period is contrasted with the tragically unfolding trend-lines of the more recent thirty-five years.

This does not mean, that we should simply return to the policies of the 1945-1965 interval. It does mean, that we must learn the lessons to be had from comparing today's disaster with that more successful past performance. In making that comparison, our intention should not be to imitate the past, but to identify the lessons to be learned from the study of the two contrasted performances. The object is not to re-create that past, but to build a fresh approach, up from disaster, an approach based upon that study.

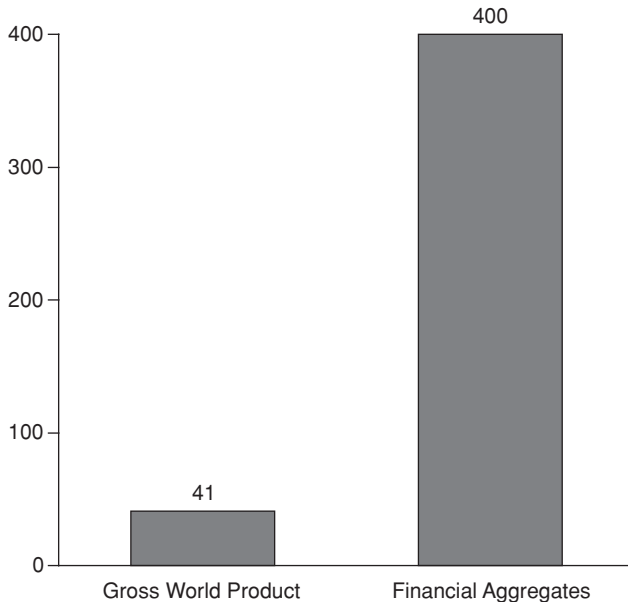
That lesson is, in effect, what I applied to the present state of the crisis, in producing my recently published report, *Trade Without Currency*.¹

It was inevitable, and proper, that what I have presented in that report is consistent with the successful policies of day-to-day economic practice, under the conditions provided by cooperation between the governments of the U.S. and western Europe, during the approximate period 1945-1965, the period prior to the inauguration, on October 18, 1964, of the disastrous Harold Wilson as the United Kingdom's Prime Minister.

1. Lyndon H. LaRouche, Jr. "Trade Without Currency," EIR, August 4, 2000.

FIGURE 3

Financial Aggregates Are Ten Times the Gross World Product



Source: EIR Estimates

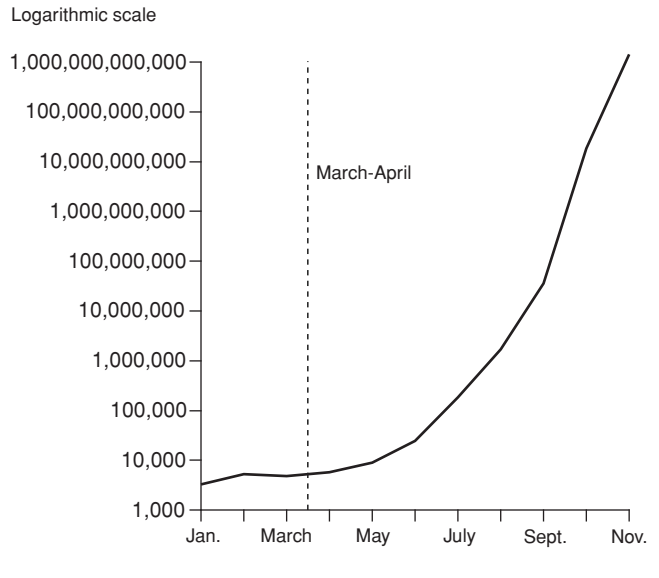
Speaking in functional terms, what I have proposed is an effective substitute for the kind of economic practice under the 1945-1965 phase of the original Bretton Woods system. My argument presents a new way of establishing *the equivalent* of a gold-reserve-based monetary system of fixed exchange-rates. However, as I explained in that July 18, 2000 report, rather than relying upon that gold-reserve-based U.S. dollar which Mont Pelerin Society dupe President Nixon destroyed, I have proposed a system of credit and trade based on the needed synthesis of a new kind of index for a basket of commodities. My design for a new monetary system, differs in detail from that of the old Bretton Woods system, *but the adducible principle used is the same.*

The way in which I defined the relevant basket of commodities, includes similar other ironies. In the manner in which I defined the structured composition of the proposed basket of commodities, I followed what is to be adduced as implicit in the best practice of the U.S.A., France, and Germany, among others, during the course of the 1945-1965 economic recovery from the combined ravages of the Great Depression and World War II.

Thus, as would any good economist from that period, I defined the economic value of a basket of commodities in terms of return on investment; but, I expressed this in terms of physical investment and physical return, rather than the usual, nominalistic, financial terms. Similarly, I brought the

FIGURE 4

Weimar Hyperinflation, Wholesale Price Index (1913 = 1), March-November 1923



design of these ratios into conformity with the overriding requirement of maintaining and improving the demographic characteristics of populations, and maintaining the scale and rate of improvements in basic economic infrastructure required to sustain those productivities and those rates of growth.

Otherwise, what I added to those lessons from successful past practice, was the impact of my own original discoveries in the science of physical economy, which provides a more rational, more precise and efficient representation of the determinants of economic growth-rates, than were otherwise in use among economists even during that earlier and happier period.

So far, so good. If I were addressing only veterans from the generation presently over sixty years of age, all the actions which I proposed there, excepting the use of my method itself, if not the theory, were within the bounds of the experience of economists and relevant top-ranking executives from that generation. I shall return to make that specific comparison between the outlooks of those and of present generations later, here, as the pivotal feature of this report.

What I shall make clear in that comparison, is that the crucial political problem blocking solutions today, is, that, among age-ranges of less than fifty-five years, virtually none of those among today's economists, political leaders, and industrial managements, have a meaningful comprehension of how a successful form of pre-1971 agro-industrial national economy actually worked. They not only lack such comprehension, but they have, so far, categorically refused to learn, insisting that such past experience must be arbitrarily disre-

TABLE 1

The Global Commodity-Price-Inflation Spiral

Product or Raw Material	Period Covered	Unit Price	Initial Price	End Price	Percentage Increase
Metals*					
Hot-rolled steel sheet	May '99-May '00	\$/ton	270	325	20%
Aluminum (primary ingot)	May '99-May '00	cents/lb	65	76	17
Copper (wirebar)	May '99-May '00	cents/lb	70	89	27
Nickel (melting cathode)	May '99-May '00	cents/lb	275	373	37
Pulp, Paper*					
Pulp (bleached softwood)	May '99-May '00	\$/metric ton	425	660	67
Boxboard	May '99-May '00	\$/metric ton	470	590	25
Chemicals*					
Benzene (spot)	May '99-May '00	cents/lb	73	132	81
Chlorine	May '99-May '00	\$/ton	161	249	55
Sulphuric Acid	May '99-May '00	\$/ton	38	52	37
Plastics*					
Polypropylene	May '99-May '00	cents/lb	30	49	63
Poly vinyl chloride	May '99-May '00	cents/lb	22	48	118
LDPE (liner grade)	May '99-May '00	cents/lb	29	58	100
Ethylene (spot)	May '99-May '00	cents/lb	19	35	84
Electronic components*					
Capacitors	May '99-May '00	cents/each	2.5	7.5	200
Memory (4M Flash)	May '99-May '00	\$/each	4.75	6.50	37
Housing					
Home in Santa Clara County, California	2nd Q '99-2nd Q '00	thousands \$	402	558	39
Condominium in New York City	July '99-July '00	thousands \$	601	855	42
Agricultural inputs					
Ammonia	May '00-June '00	\$/ton	110	190	73
Energy					
West Texas Crude Petroleum	Jan. 1, '99-Aug. 31, '00	\$/barrel	12.33	33.33	170
California Utility Cost of Purchasing Electricity	July '99-July '00	\$/megawatt	30	175	480
San Diego Customer Monthly Electric Bill	July '99-July '00	dollars	55	110	100
Iowa home heating propane	July '99-July '00	cents/gallon	44	84	91

* Prices that U.S. industrial managers pay for goods used in production.

garded, an experience which they reject on the implied, fatally misguided pretext, that some Hegelian-like spirit of the supposed new age, has put all wisdom of the past into the rubbish-bin of history.

Thus, today's leading under-fifty-five politicians, economists, and corporate managements, like the editorial staff of the *Wall Street Journal*, are chiefly economics illiterates. If they usually make terrible mistakes, it is largely because they not only know no better, but are fiercely attached, as worst-case U.S. examples Senator Phil Gramm, Congressman Tom DeLay, and Vice-President Al Gore are, to their own conceited ignorance on these matters. If they had read the relevant books, or attended the lectures, they have, so far, successfully resisted learning from such sources. To get some sense into their heads now, they must be taught the relevant ABCs, from the ground up. With them, it is useless to rely upon the mere

words used by today's radical positivist to describe such past policies. As I illustrate that point later in this report, they must experience the reality of the way in which such policies were successfully implemented. Many among them might prove able to learn, but, like the celebrated farmer's mule, a heavy blow of a breaking crisis must get their attention first.

That latter problem, the economics illiteracy presently popular among virtually all political leaders, economists, and top managements of less than fifty-five years of age, echoes what was previously the frequent general eruption of intellectual and moral decadence during the late, downward phase of a cycle, in the record of the rise and fall of cultures of the past. Plato famously placed emphasis on the significance of this problem. It is a problem which we today must come to understand, if we are to be successful in our attempt to pull our imperilled civilization back from the brink of a threatened

global new dark age. I summarize that point, and then return, with that important thought in mind, to clarify what today's leaders must come to recognize as the deeper meaning which they ought to attribute to the term "full set economy."

Since Atlantis Fell

To paraphrase the poet Robert Burns, it were wise of those of present U.S.A. generations to see themselves as earlier generations and other nations might have done. So, Plato warned the Greeks of his time to see themselves. Not that others are necessarily right in their opinion of us on this point, but merely seeing the contrast in views, may impel us to think in a more mature, and saner way about how we should see those others, and, therefore, also ourselves. Plato's reference to an ancient fallen city of Atlantis, came up in the course of warning the Greeks of his time against the danger of being negligent in the overconfident way a people, such as today's typically Romanticist, "other-directed" Americans, may be much too pleased for their own good, by their infatuation with presently popular forms of entertainment, and their often foolish tolerance of present generations' generally accepted other customs and opinions.

Plato pointed out, that the combined pre-history and history of mankind has been largely a history of catastrophes, in the course of which entire cultures have often been, virtually or actually, wiped out. In this connection, he referenced natural catastrophes, chiefly of a type which, so far, remain still today beyond mankind's present scientific ability to control. However, he placed the emphasis, as I do here, upon the kinds of doom and kindred catastrophes which a culture may bring upon itself.

As Plato emphasized then, so, still today, the chief non-human threats to civilization, come from periodic and related developments inhering in the organization of our Solar System as a whole. These include, in addition to seismic calamities, periodic glaciation, destruction by meteorites, cycles built into the intentions of our Sun, and so on. Until man gets out into the Solar System, and discovers there how to control the cyclical and related habits built into the system, the occurrence of these calamities will continue to be largely beyond our control.

Of more immediate interest to us now, as we are confronted by the world's presently onrushing financial collapse, are the catastrophes, such as dark ages of mankind, which are induced by flaws in the religious beliefs, and in other popular opinion and related social phenomena of the culture itself. The self-induced collapse of pagan Rome in the west, into a great dark age, is a relatively recent example of this. So, the effort of the Venice-directed Guelf League, of the Thirteenth and Fourteenth Centuries, brought about a collapse of both the level of culture and of population, to the degree that the population and number of parishes of Europe had been reduced by about half, during the so-called New Dark Age of the Fourteenth Century. The 1618-1648 Thirty Years War, is

an example of a New Dark Age striking Central Europe, as the result of the combined criminality of not only the Habsburg dynasty over more than a century, but of those people, the victims of that dynasty's Venice-led follies, who could not find a way out, until the 1648 Treaty of Westphalia.

In such self-induced calamities, a culture might be obliterated, or nearly so, or, otherwise, plunged into a depraved condition for generations to come. There are also, as in the experience of modern European civilization, periods of renewal of an upward course of development of a nation, as the U.S. rose, during 1861-1876, to become the world's leading agro-industrial nation, that as a result of the monstrously costly, but necessary war to defend the existence of our nation against the treasonous slave-owners' Confederacy.

Otherwise, the appearances of Mussolini and Hitler, were products of a long rise of Romanticism since the coronation of the Emperor Napoleon Bonaparte, at the beginning of the Nineteenth Century, a long trend which became intertwined with the efforts, by Hitler's British, New York financial center, and other backers of 1933-1934, to enforce the conditions created by the Treaty of Versailles. The post-war world of 1945-1965 had to recover from that aftermath of Versailles; but, then, during the recent thirty-five years, globally extended European civilization, especially its Anglo-American component, has nurtured a shamelessly self-styled counter-cultural movement, which has been aimed explicitly to destroy all of those cultural values associated with the creation of the U.S. Federal Republic, the same cultural values which earlier generations had fought Hitler and Mussolini to defend.

The famous poem of Solon of Athens points to the problem on which attention is to be focussed here. Solon had led in the freeing of Athens from the oppressive rule of an oligarchy. Yet, years later, he found his fellow Athenians slipping into a depravity which threatened to bring about the oppressive conditions from which Solon had led, earlier, in freeing them. Personally, I feel the sentiment of Solon, when I recall the experience of returning from the war to watch my country sliding, year by year, decade by decade, into a form of moral and related corruption, of a sort even worse than that from which the leadership of President Franklin Roosevelt had freed us.

Take as much of the known facts of the pre-history and history of mankind as we might know it. Given, all of the complexities of that past as we know it. A certain pattern prevails among all these otherwise highly varied cases.

Repeatedly, cultures which have risen to a certain level of relative moral and material improvement of the conditions of social life, degenerate. If those people are fortunate, leaders appear, who use the occasion of crises to inspire the people to remedy their corruption, and to recover from their own folly in that way. President Franklin Roosevelt thus led the U.S.A. up out of the gutter into which Theodore Roosevelt, Woodrow Wilson, and Calvin Coolidge had misled it. In Germany, in the same year as Franklin Roosevelt's inauguration,

the Germans were not so fortunate: the representatives of Germany's Versailles creditors, led by Britain's Montagu Norman and Manhattan's Brown Brothers, Harriman, gave Germany Adolf Hitler's Chancellorship. Each time a people recovered from a down-slide, sooner or later, the people began to slip back into the slime again!

Should the scholar not cry out? "O Solon! Will the people never learn from history?"

Despite that, for the long run, I, like my teacher Gottfried Leibniz, am personally, and justly optimistic about the future of humanity. The problem which I have just described, as Solon and Plato presented it earlier, is the reflection of a certain continuing moral and intellectual immaturity of all known past generations of people in all parts of the world. Our populations have been, and are, in the main, still morally children, or, even, as the existentialists are, like the followers of Nietzsche, such as Adolf Hitler, Martin Heidegger, Jean-Paul Sartre, Karl Jaspers, Theodor Adorno, and Hannah Arendt, more or less psychotically infantile. The latter are, like the present-day, Nintendo-games-influenced, amok killers at Littleton's Columbine High School, morally psychotic in respect to the characteristic features of today's relevant, popularized form of entertainments and of related cultural and moral development.²

Faced with calamity in times of crisis, the morally immature members of the popular majority, may be sufficiently responsive to the best available leaders among them, to become inspired to rise to the occasion, and thus to follow and support such leaders in ways which either simply revive a fallen culture, or even carry it to unprecedented heights, as the American Revolution uplifted all of European civilization—for a while—in that time, or as the people of the U.S. rallied behind President Franklin Roosevelt. If we could only induce the people to put aside permanently their customary moral childishness, and even infantilism, mankind's progress could become more steadily upward, without such frequent backsliding.

Contrary to the perennial pessimists, human follies, such as those which inhere in the past thirty-odd years of morally downward trends in the U.S.A., are not inherent in human nature. Such follies inhere rather in the resistance of morally immatured human beings, to assuming the responsibilities of a truly human form of moral adulthood. The plague of a new kind of violence, which has been engendered in today's children and adolescents by aid of induced addiction to Nintendo-style games, typifies, as does the fictional *The Lord of the Flies*,³ the fact that evil within cultures is chiefly an outgrowth of preying, as the popular middle-class child-rearing dogmas of the suburbanite 1950s did, as the plague of Nintendo and related games does, upon fostering the susceptibilities for

corruption inhering in the immature, and therefore susceptible, suggestible infant and child.

In the long view, the essential purpose of the true leaders of mankind, is to bring about the education of all the children of society to the post-adolescent degree of moral and intellectual maturity in which regressions, such as those experienced in the U.S.A. during the recent thirty-five years, cease. In the meantime, we who are faced with the great crises, such as that looming immediately before us today, must simply do as well as we can, working, first of all, to save our people from the consequences of their own folly, and hoping that, in that effort, we might also contribute something toward bringing about the future true maturity of humanity, in which, hopefully, such follies do not recur.

Let us apply that point of view, just described so, to the practical matter immediately before us here. From that view of history to date, what should we take as the lesson applicable to the problem I have once again described at the outset of this present report?

1. Human Nature and Culture

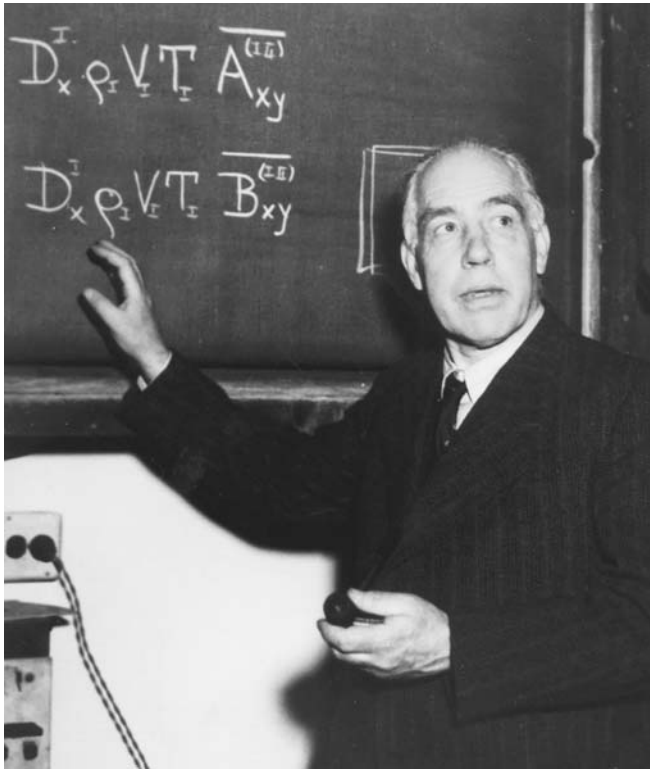
The susceptibility of the people of the U.S.A., to fall back into the same kind of folly from which President Franklin Roosevelt's leadership had rescued them, is to be recognized as among those great failures in U.S. history which were brought about largely as an outgrowth of preceding use of regressive methods of education, methods analogous to those expressed by predominant trends in general and higher U.S. education today. By "education," I mean education as this occurs variously within the child-rearing activity of the family household, within the social experience of the community at large, and as formal education in schools and universities.

Typical of destructive trends in U.S. education, are the overlapping influences of the Fabians and the philosophical pragmatists, such as Harvard University's William James and Rockefeller protégé John Dewey, during the earlier part of the Twentieth Century, and of the logical positivists, the London Tavistock Clinic, and the followers of the so-called "Frankfurt School" of neo-Kantianism and existentialism, since the 1930s. These notable examples only express a commonplace sort of underlying problem, a common quality of miseducation of the young, a quality known to western European civilization generally as *Romanticism*. Strictly defined, Romanticism signifies nothing other than the cultural legacy of ancient pagan Rome, as that folly is to be contrasted with the opposing Classical Greek tradition, as the latter was transmitted into the culture of modern Europe by the Apostles of Jesus Christ.

The simplest way in which to identify the induced mental state responsible for the more general characteristics of that most commonly recurring folly of our population, is to examine today's widespread popular delusion, the deluded belief that all knowledge about great things, such as the laws of the

2. Pokémon is such a Nintendo game.

3. William Golding, *The Lord of the Flies* (London: Faber, 1954).



“The same mind-set which makes ‘ivory tower’ empiricism appear plausible to today’s dupes of the mathematics classroom,” writes LaRouche, “is key to understanding the systemic implications of the kind of infantilism responsible for the terrible moral failures of recent decades, in the shaping of U.S. and other nations’ economic policies.” Left: radical positivist Niels Bohr, the father of the Copenhagen School in physics; right: mathematician and anti-Leibniz fanatic Leonhard Euler.

universe, must be derived from nothing more sophisticated than the simplistic prejudices of what often borrows the much-abused name of “common sense.”

The currently popular academic form of that delusion about common sense, is key, for example, to understanding the premises upon which worst-case doctrinaires, such as the Mont Pelerin Society’s Friedrich von Hayek, were able to spread those destructive, actually fascist dogmas of “globalization” and “free trade,” which are presently destroying the U.S. economy from within. Once we have traced the causes for today’s economic-policy follies to such sources, the principled solution to today’s global financial calamities becomes more easily understood.

In today’s domain of physical science so-called, the characteristic expression of this prevalent academic foolishness, is a view embedded within today’s generally accepted classroom notions of mathematical physics. I point to the prevalent popular delusion of the university classroom, that everything concerning the principles of physical science could, and should be proven mathematically as if at the blackboard. Such perverted, popularized, “ivory tower” misconceptions of physical science, are a reflection, albeit within the narrower domain of mathematics, of the same moral corruption responsible for the recent thirty-odd years degeneration in U.S. policy-shaping.

Although most among today’s secondary and university teachers of mathematical physics are ignorant of that fact, the prevalent, modern “ivory tower” misconception of physical

science, takes its origins from the influence of the founder of British empiricism, the notorious Venetian “mafia boss” of that time, the same Paolo Sarpi whose notable contemporaries and followers included the empiricists Sir Francis Bacon and Sarpi’s own house-lackey Galileo Galilei. From this doctrine, which Sarpi confessed that he had derived from the irrational babblings of medieval William of Ockham, came the dogmas known today by such names as empiricism, Cartesianism, and the logical positivism typical of the followers of Ernst Mach and Bertrand Russell.⁴

I am not claiming that the moral decadence prevalent among today’s under-fifty-five generation of university graduates, is entirely the responsibility of the Sarpi tradition’s corrupting influence on today’s teaching of mathematical physics. What I am saying, is that the same mind-set which makes “ivory tower” empiricism appear plausible to today’s dupes of the mathematics classroom, is key to understanding the systemic implications of the kind of infantilism responsible for the terrible moral failures of recent decades, in the shaping of U.S. and other nations’ economic policies.

4. Typical of the Ockhamite irrationalism embedded in empiricist dogmas, is the argument, as by Bernard Mandeville, François Quesnay, and Adam Smith, that, the cause of good is intrinsically unknowable to the human mind, and that, *therefore*, mankind must rely upon the mechanisms of blind hedonistic instinct to ensure that mankind’s behavior follows blindly those impulses through which incomprehensible statistical interactions lead society to the best possible outcome. The doctrine of “free trade” is based, axiomatically, upon precisely that lunatic presumption.

To put the more general view of this problem into a single expression, it were perhaps sufficient to say, that when some people insist, “Keep it simple, stupid!” they are actually saying, in effect: “Keep it stupid, simpleton!” They mean the same thing which anti-Leibniz fanatic Leonhard Euler argued in his 1761 *Letters to a German Princess*.⁵ Pedants of this stripe are demanding that the student accept, on blind faith, the irrationalist, “ivory tower” presumption of Sarpi’s house-servant Galileo, that no action occurs within the universe, the which can not be reduced to action along straight lines drawn between two points within what is commonly called “Euclidean” space-time. Therefore, when they argue “keep it simple,” what they mean is, that everything must be proven by going back to this simple, foolish assumption of Galileo et al. as the starting-point. Such views are the systemic basis for all of the leading ideas about society of Galileo’s pupil Thomas Hobbes, John Locke, Bernard Mandeville, François Quesnay, David Hume, Adam Smith, Jeremy Bentham, and so on.⁶

For our purposes here, the most relevant example of such simple-mindedness, is the argument of today’s devotee of the cult of “information theory,” or, of a related lunatic belief, that to explain the difference between living and non-living processes, we must prove that living processes are nothing but something which might be replicated by robotic forms of non-living mechanical systems. I signify mechanical systems as they might be defined in consistency with Euler’s ivory-tower sophistry, that the universe is nothing but mechanical (linear) in the “Euclidean” infinitesimally small.⁷

5. Leonhard Euler, *Letters of Euler on Different Subjects in Natural Philosophy, Addressed to a German Princess* (New York: Harper & Brothers, 1840). These letters are of a piece with Euler confederate Algarotti’s *Newton for Ladies*.

6. Unfortunately, what continues to pass for science education in today’s universities, is to a large degree purely and simply dirty politics first, and, only as if in an afterthought, some effort to make some actual scientific work appear to conform to the official political line. The usual excuse for such lying might be summed up: their political careers in academia depend upon observing such disgusting rituals. This pattern should remind us of such formerly notorious models as left-wing forms of political lying about science matters attached to what is otherwise presented as reports on the matters of physical science, such as “Marx proved,” or as “Great Stalin has taught us.” In the “right wing,” it is as bad, or worse. The most celebrated cases of frauds of this same type, encountered in university classrooms and kindred places, are the “dirty political” hoaxes perpetrated against Kepler, Leibniz, and Riemann. For those familiar with habitual U.S. political lying by the mass media and official institutions of the government, the explicitly political character of generally accepted academic opinion on matters of principles of science, could be overlooked only among persons ignorant of the relevant classroom, textbooks, and conferences. Usually ritual political lying of that academic sort, genuflects to the mystical authority attributed to the empiricists and the followers of Kant, as in the popularized classroom frauds against Kepler, Leibniz, and Riemann.

7. Precisely such simple-mindedness is the axiomatic premise of the empiricist doctrines of Sir Francis Bacon, Thomas Hobbes, John Locke, Bernard Mandeville, François Quesnay, David Hume, Adam Smith, utilitarians such as Jeremy Bentham, Bertrand Russell, Friedrich von Hayek, and Russell acolytes such as Norbert Wiener and John von Neumann.



Russian scientist Vladimir I. Vernadsky (b. 1863) showed that the Earth is dominated historically by the cumulative effects of the superior authority of anti-entropic, living processes over the non-living.

To make sense of economy, one must start from the recognition that, *contrary to Sarpi, Galileo, Euler, et al., nothing truly elementary is ever simple arithmetically or algebraically*. I explain.

All truthful human knowledge starts with two elementary facts about the human species. First, that we are a living species in the sense that France’s Louis Pasteur and the Russian scientist Vladimir Vernadsky set living species *systemically, functionally*, apart from and functionally superior to non-living ones; second, that the human species is the only one which has demonstrated the characteristic potential, called cognition, to increase its power to exist in the universe by an act of will. Thus, the elementary beginning of all wisdom is: *Know thyself*, know what ought to be understood as the unique characteristic of human nature: *know yourself as what should become a typical representative of that unique quality of living species*.

It is only through man’s ability to prove his species’ *willful* success, in attempts to increase his species’ physical power, per capita and per square kilometer, in and over the universe, that man is enabled, thus, to discover what are truthfully the laws of that universe, or not. So, in contrast to the form of pseudo-science represented by the “ivory tower” methods of Euler et al., *physical science*, as Gauss’s follower Bernhard Riemann defined it, proves experimentally mankind’s methods for increasing our species’ power over the universe. The

science of physical economy, my specialty, addresses the issue of proving that man, in each case, has either succeeded or failed to increase our species' power in and over the universe, as to be measured in physical terms, per capita and per square kilometer of the Earth's surface. In coming to understand that willful connection, we define those characteristics of our species which are rightly distinguished from those of other species, as the characteristics of the quality to be known as *human nature*.

That comprehension of that meaning of *human nature*, is the only truthful form of common sense. The only existent form of knowledge, is *human knowledge so defined*. That, so defined, is all that is truly *elementary*. No other sort of claim to knowledge represents anything which is truly elementary. That is what is to be recognized as the only sane meaning of "common sense."

To repeat what I have taught consistently, to the present day, since my regularly repeated, 1966-1973, thirteen-week series of campus lectures on the elements of economic science, all our knowledge of the universe, including political economy, depends upon exploring the distinction and connections among three kinds of elementary *physical* principles. As I have already indicated above, these three distinct categories of elementary physical principle, are a) non-living processes, b) living processes in general, and c) the processes of cognition unique to the human species. All knowledge is to be derived from discovering both the distinctions and the efficient connections in action among these three sets of elementary principles. That is to say, that contrary to Sarpi, Galileo, Euler, et al., elementary knowledge—true common sense—begins from the top of the pyramid, not the gritty common statistical dirt presumed to squat, like mythical gnomes, below the pyramid's base.

For our purposes here, it is necessary that I repeat here, if only summarily, what I have repeatedly taught about these matters of principle.

Begin with the principled characteristics of non-living systems.

During the middle to late Nineteenth Century, the imitators of Leonhard Euler's attacks upon Leibniz, such as Clausius, Grassmann, Kelvin, Helmholtz, Maxwell, Rayleigh, Boltzmann, et al., developed what became known as certain allegedly universal thermodynamical characteristics, the so-called "Three Laws" of thermodynamics. This became known as the neo-Newtonian doctrine, that the universe is governed by *universal entropy*.⁸ That contention is true only for what

8. Cf. Gottfried Leibniz on the subject of Isaac Newton's doctrine of God's Clock. "The Controversy Between Leibniz and Clarke," *Gottfried Wilhelm Leibniz: Philosophical Papers and Letters*, Leroy E. Loemker, ed. (Dordrecht: Kluwer Academic Publishers, 1989), pp. 675-721. Clarke was a leading British agent of Paris-based Abbot Antonio Conti, the leading Europe-wide controller of the Eighteenth-Century British-French "Enlightenment." It was Conti, from Paris, who created the myth of Isaac Newton; for that purpose, Clarke was Conti's controller of Newton. Cf. J.M. Keynes on

are ostensibly non-living systems, and that only within certain definable bounds, but, nonetheless, it does fairly describe, if crudely, the way in which non-living systems must appear to function if the functioning of one's mental powers is delimited to the notion of fixed systems. However, this same notion of universal entropy, is shown to be false, once we shift even our view of non-living processes as such, as belonging to a universe seen as a Riemannian sort of multiply-connected manifold. The standpoint of Clausius et al. reflects, thus, the scalpel-like effects of applying Ockham's Razor too generously to one's own brain, or, in other words, the influences of radical reductionists such as Galileo and Euler.⁹

Living systems, when considered and defined as whole processes, that is to say, in terms of the reproduction of living systems by living systems, are characteristically *anti-entropic*. However, each living species is characteristically self-bounded in respect to its potential relative population-density, as measurable per capita and per square kilometer of surface-area.

Unlike inferior living species, the potential relative population-density of the human species has, by definition, no assignable fixed bounds within the universe as a whole. The type of *anti-entropic* action which distinguishes the human species from all others, on this account, is the cognitive potential expressed by the sovereign cognitive powers of synthesis of the individual human mind: the *non-deductive* power to generate the discovery of an experimentally validatable new universal physical principle. *It is application of this power of cognitive synthesis to the productive process, which defines the science of physical economy. This is the only sane basis for defining real economic growth.* In the final analysis, when we go beyond what are merely useful rule-of-thumb approximations, there is no competent definition of economic growth possible on any other basis than the principle which I have just summarized.

These three, functionally distinct sets of universal physical principle, have a certain kind of hierarchical organization among themselves. As Vernadsky showed for biogeochemistry, the Earth is dominated historically by the cumulative effects of the superior authority of anti-entropic, living processes over the non-living. Similarly, through the discovery and application of valid new physical principles, the action expressing the characteristic distinction of the human species'

Newton's chest of laboratory work-papers: John Maynard Keynes, "Newton the Man," in *Essays in Biography* (New York: The Norton Library, 1951).

9. Two examples of fraudulent attacks on Bernhard Riemann, on this account, suffice here. The first, is the fraudulent attack, by Clausius associate Grassmann, on Riemann's contributions to electrostatics, and the hilarious folly of Britain's Rayleigh in the latter's attack on Riemann's *Plane Air Waves of Finite Magnitude*. The general rule which governs the overturning of the Clausius-Kelvin doctrine of universal entropy is that defined by Riemann's 1854 habilitation dissertation. Any change in the composition of a multiply-connected manifold, that corresponding to a change in the characteristic curvature, overturns the rule of universal entropy.

cognitive powers to discover valid new universal physical principles, mankind's anti-entropic action dominates all other living processes, and occupies an increasing part of the activity of the Earth as a whole process.

Therefore, the experimental validation of such cognitive discoveries in the domain of physical economy, is the ultimate test of the validity of what we might call scientific knowledge. The test is the demonstration that a discovered universal physical, or related quality of principle, enables mankind to increase its power in and over the universe, *anti-entropically*, as measurable, in physical terms, per capita and per square kilometer of surface-area. *That is the only real form of economic growth.*

Thus, it is the study of man from the standpoint of this notion of a science of physical economy, which is the only appropriate approach to defining the nature of the human species, and, therefore, of the human cognitive individual. It is a conception of the universe premised upon precisely this universal-humanist principle of physical economy, which defines those elementary notions upon which all knowledge is to be premised.

To that, the following two general observations respecting the required definitions of universal principles, must be added. In other words, we have, thus, first, the notion of a universal principle of progress, as rooted, second, in the promotion of the benefits of scientific and technological progress.

The Birth of the Idea of Progress

The modern conception of a process of *universalizable* social progress, is slightly more than five hundred years old. The notion was implicit in, most emphatically, two of the most widely influential writings of a leading and seminal figure of Europe's Fifteenth-Century Golden Renaissance, Cardinal Nicholas of Cusa. These two exemplary writings are his prescription for a modern, *universal* form of a system of respectively sovereign nation-states, *Concordantia Catholica*, and the founding work of modern experimental physical science, his *De Docta Ignorantia*. The first modern state designed by intention to conform to such Renaissance principles, was the reform of France by King Louis XI, as echoed by the subsequent reforms under England's Henry VII. The relevant principled distinction of this new conception of a principled community of sovereign nation-states, is the same notion of the general welfare (e.g., *commonwealth*) expressed in the opening three paragraphs of the 1776 U.S. Declaration of Independence and the Preamble of the U.S. Federal Constitution.

From the Second-Century B.C. rise of Rome to relative world power in the Mediterranean littoral, until Europe's Fifteenth-Century Golden Renaissance, all forms of political society, whether benign or malevolent, were premised upon the notion of the state and its subjects, as, in principle, the property of a ruling oligarchy, in respect to which the majority of the population lived actually or implicitly as human cattle. Although a kindred notion of the necessity of a modern na-

tion-state was already elaborated as the pervasive thread tying together all of the work, including *De Monarchia*, the *Commedia*, and other writings, of Dante Alighieri, it was the Fifteenth-Century Renaissance which first effectively introduced a notion of *natural law* to modern practice, the principle that no government has the moral authority to govern, except as it is efficiently committed to promote the general welfare of each and all of the people, and their posterity. Hence, the so-called *general welfare principle*.

Hence, our Declaration of Independence declared as nullifiable, any oath of allegiance to a sovereign, if that sovereign, such as the British monarchy, *systemically* violated the natural-law principle of the general welfare.¹⁰ The same principle of the general welfare, as stated in the Preamble of the U.S. Federal Constitution, is the clearly intended fundamental principle of constitutional law of U.S. Supreme Court Associate Justice Antonin Scalia's radically positivist, pro-Lockean, pro-Mont Pelerin Society sort of ideological excursions notwithstanding.

Thus, the new form of sovereign nation, required that the sovereign be accountable for that development of all of that territory, and of all of that population, which was relevant to the universalized promotion of the general welfare in that domain. Thus, the individual member of society ceased to be a mere subject of the ruling sovereign, while the sovereign government was to be held accountable for efficiently meeting its responsibility for promoting the general welfare of both all of living persons and their posterity. This change in definition of sovereign government, made the government accountable to serve efficiently as a mode of self-government of the whole territory by the whole people.

This change also implied, as Cusa's *Concordantia Catholica* requires, that relations among sovereign states so defined, be implicitly accountable for promoting the general welfare among respectively sovereign states, as in their own, to the degree they might be able. Thus, later, in the 1648 Treaty of Westphalia, all that pre-existing law which had been the root of the 1618-1648 perpetuation of that new dark age, was nullified insofar as such pre-established laws and customs might tend to prevent the realization of the conditions of the prescribed peace. Thus, the Roman and feudal notions of *customary*, or *common*, or *contract* law, were nullified in principle, insofar as such notions might tend to prevent the efficient realization of the general welfare principle in and among the respective nations.¹¹

10. The reader must not confuse this use of *systemic* with a like-sounding term, *systematically*. By systemic, I signify not an intruding, but an axiomatic, and thus essential, or genetic *characteristic* of the entire process, as a species of process, and therefore universally characteristic of every aspect of that process.

11. Typical of the contract law which the general welfare principle must subject to a sweeping nullification on principle, is the celebrated English Magna Carta, which perpetuated the inhuman traditions of barbaric Norman baronial rule against the people generally, and the duty of the nation-state to

Admittedly, in the wake of the betrayal and defeat of the League of Cambrai, Venice's financier oligarchy orchestrated most among the old feudal powers of Europe as accomplices, in a persisting, most aggressive effort to undo the work of the Fifteenth-Century Renaissance, and to eradicate the then emergent institution of the modern sovereign nation-state. However, as the much-publicized figure shows (**Figure 5**), the impact of the Fifteenth-Century Renaissance and its reforms upon the improvement of the demographic characteristics of Europe's populations, reflects the fact, that, despite the Venice-led use of religious warfare, during the period from A.D. 1513 through 1648, to attempt to drown the Renaissance reforms in blood, and despite the use of related efforts of Europe's feudal and financier oligarchies to crush the new form of nation-state later, the advantage in power which nations gained from the influence of the new principles of progress, enabled the United States to come into existence as a model constitutional republic.

This economic and demographic benefit of the Renaissance's influence, made the example of the U.S.A.'s overthrow of rule by its British monarchical oppressor, an inspiration for the cause of freedom among the peoples of the world. This remains valid, in principle, still today, even if the inspiration supplied by the U.S. example waned significantly after the death of President Franklin Roosevelt, and although that inspiration has tended, increasingly, to be buried in the spreading and deepening muck of global despair, since the trend of events in the aftermath of the assassination of President John F. Kennedy.

The modern sovereign nation-state republic, and also its approximations, converged upon what modern usage conveniently describes as a "total system," a system of sundry cooperating elements working in voluntary partnership to achieve an implicitly agreed-upon total effect. U.S. Treasury Secretary Alexander Hamilton's 1791 Report to the U.S. Congress *On the Subject of Manufactures*, is to be seen as an intended approximation of such a notion of a voluntary total system. The intended effect was progress, most emphatically scientific and technological progress, that to the end of increasing the potential relative population-density of the nation, and also to the purpose of promoting such increases among nations.

*The emergence of such an economic process as a total system of cooperation of dissimilar and distinct actions around a unifying common objective, the objective of progress, was the occasion for the birth of the conscious practice of an emerging profession of economics in the course of the Fifteenth Century.*¹² The study and application of such prog-

promote the general welfare. The superiority of the principle of *agapē* to prescriptive law, is emphasized in a most relevant fashion, in the Apostle Paul's *I Corinthians* 13, as the term *agapē* is also defined from the mouth of the character Socrates in Plato's *Republic*.

12. This emerged as a branch of professional practice which became known as *cameralism*. The work of Cardinal Mazarin's leading protégé, Jean-Baptiste

ress became a branch of science which, contrary to certain foolishly exuberant readers of Aristotle, did not exist in practice prior to Fifteenth-Century Renaissance Europe.

It is of crucial importance to understand, that actual economic science simply could not have existed under earlier conditions. On this account, it must be emphasized, for contrast, that under earlier forms of society in the Mediterranean region, in which most subjects were functionally human cattle, the interest of the state was limited, by definition of practice, to the convenience and caprices of that oligarchy represented by the sovereign government. The people generally, were bred, used, and culled, as cattle, to whatever effect the oligarchical form of sovereign considered expedient at that time. The notion of universal human rights did not exist; the distinction of the subjects, and also of the rulers themselves, from mere beasts, was either non-existent or both doubtful and tenuous. The argument of contract law, as made by the Confederacy's ideologues, that a person who had been born a slave might be therefore held forever as property, typifies the depravity of the oligarchical mind, as it does the pleadings of John Locke and his followers.

This point is illustrated most forcefully by viewing the effects of a currently ongoing attempt to reverse the flow of modern history. Observe, that a return to feudal-like, pre-nation-state conditions genetically akin to the practice of slavery, is echoed in the current policies of both the Bush Presidential candidacy and Al From's Democratic Leadership Council (DLC). Such trends have been introduced into the thus-corrupted institutions of U.S. law, including the current majority of the U.S. Supreme Court, and pollute extensively the currently habitual, oligarchical practices of the Criminal Division of the U.S. Department of Justice. These throwbacks to feudal times, now treat U.S. senior citizens, and the poor generally, as lives which are to be treated as those of human cattle, persons to be treated as expendable under notions of contract law, that as an oligarchical form of shareholder interest may perceive as to be to its advantage.

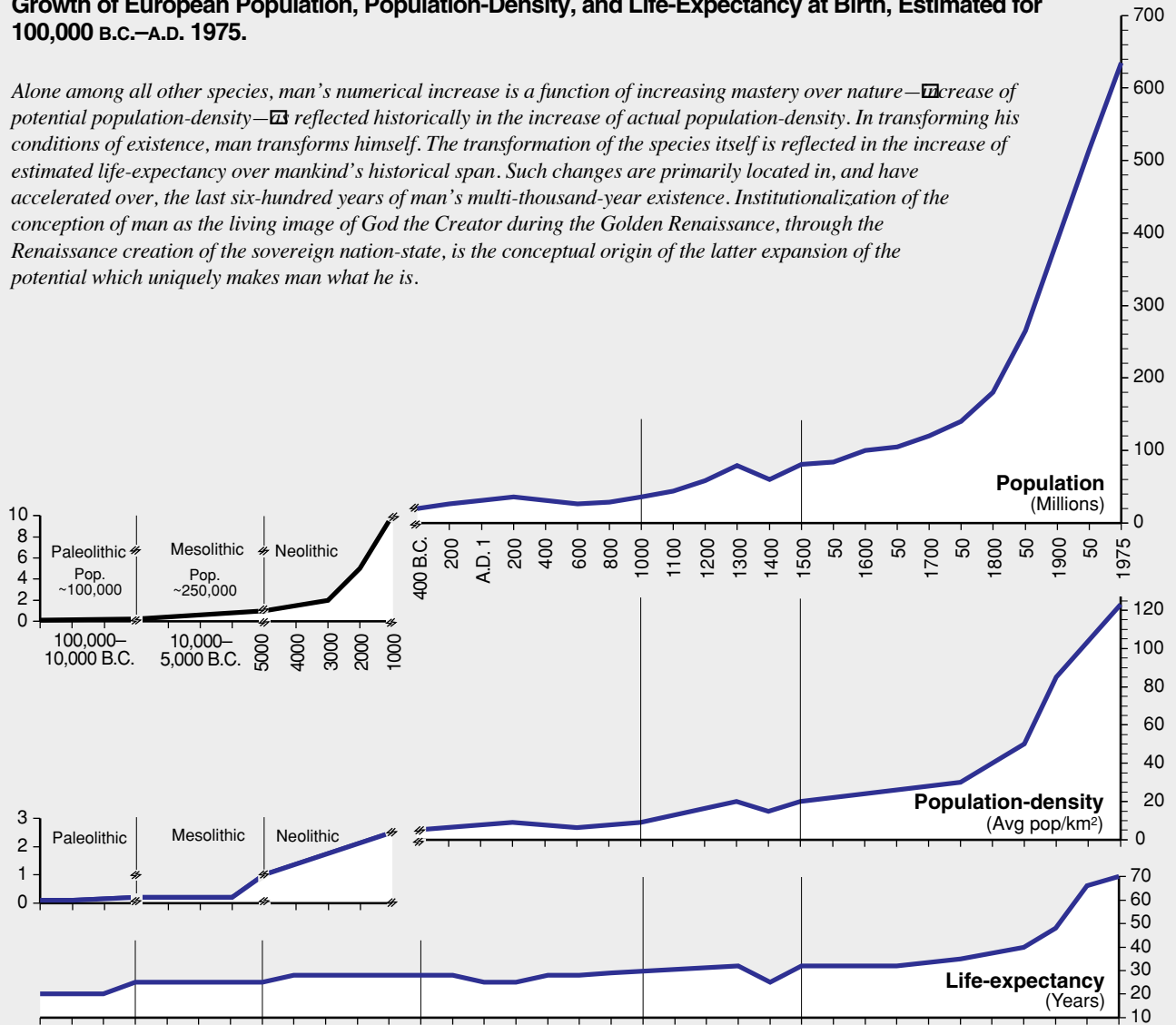
So, under the impetus supplied by circles such as Bush, Al From's DLC, and the fascist influences of the Mont Pelerin Society, today's policies tend to a convergence on the systemic characteristics of practice by Adolf Hitler's regime, which, during the 1930s and later, accelerated the death-rates of those whose condition was deemed to be either that of "lives unworthy to be lived," as the practices of today's HMOs

Colbert, is among the best examples of cameralist practice, together with the work of the early decades of the Massachusetts Bay Colony under the leadership of the Winthrops and the Mathers. The development of an actual science of economics within the framework of cameralism, was almost entirely due to the founding and initial development of the principles of physical economy, by Gottfried Leibniz, a development which proceeded over the interval 1671-1716. The development of economic science in North America, was the outgrowth of the work of cameralists such as the Winthrops and Mathers, and the powerful and increasing influence of Leibniz's writings and conceptions during the course of the Eighteenth Century.

FIGURE 5

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

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



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

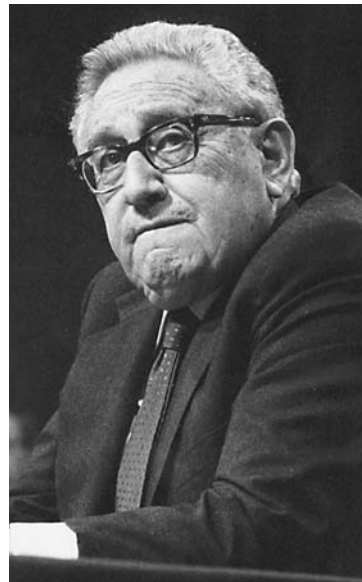
Note breaks and changes in scales.

do, or as, more plainly, “useless eaters.”

So, such atavistic turns in U.S. foreign policy associated with then Secretary of State Henry A. Kissinger’s 1974 population policy NSSM-200, and President Jimmy Carter’s later *Global 2000*, explicitly required that the U.S. treat Africans, and others, as either human cattle or wild animal herds to be culled, for the purpose of conserving natural resources which the Anglo-American financier oligarchy might deem required for that oligarchy’s future needs. Such are the population

policies of Vice-President Al Gore’s book, *Earth in the Balance*.¹³ Similarly, it is increasingly difficult to distinguish the practice of Governor George Bush’s, and others’ current criminal justice and related prison-labor policies, from the spirit of practice under Adolf Hitler’s regime. The idea of a radical version of John Locke’s and Jeremy Bentham’s notion

13. Albert Gore, Jr., *Earth in the Balance: Ecology and the Human Spirit* (New York: Houghton Mifflin, 2000).



Leading exponents within the U.S. establishment of the doctrine of zero population growth for Africans and other peoples who are deemed "lives unworthy to be lived": left to right, President Jimmy Carter, Henry A. Kissinger, and Al Gore, Jr.



of "shareholder value," which has become hegemonic among the U.S. fellow-travellers of the Mont Pelerin Society today, is, in effect, either no different than Hitler's policies, or perhaps, potentially, even much worse.¹⁴

The idea of progress, as defined in practice by the emergence of the modern form of perfectly sovereign nation-state, could not become a universal principle of practice, except as the organization of cooperation in society made progress an efficient principle of practice, the principle of the right of every person to have access to participation in bringing about progress, and to enjoy those improvements in the conditions of life which were consistent with that objective.

The notion of universal progress, is more than merely a political and legal principle. That is to say, it can not be viewed as a dispensable fiction of merely positive law. It has the same significance and rightful authority in political and social life, that universal physical principles command in physical science.

This notion of universal principles, both physical and social, as it arose, together with the birth of economics, during

14. The comparison to Hitler's policies is in no way exaggerated. Under the Nazi law derived from the legacy of Savigny's neo-Kantian school of Romantic law, the Nazis dreaded provoking the Romantic tradition of regard for custom. The English tradition of John Locke does not know such sensibilities; the radical positivism which has lately invaded so much of our Federal Court and Congress is utterly feral on this point.

the Fifteenth-Century Golden Renaissance, is traced chiefly from the dialogues of Plato, as such notions were echoed in the manner in which Johannes Kepler established the foundations of modern astrophysics. The similarity of the principle of the general welfare to the systemic outlook of Kepler's astrophysics, is deep-going, extensive, and organic. It is also directly relevant, for its exemplary and historical features, to defining the competent practice of economics today. I explain.

Unlike Galileo and his imitators, while Kepler was the first to discover and define the mathematical principle of universal gravitation, which Isaac Newton later parodied from his circles' reading of Kepler's *New Astronomy*, Kepler never accepted the notion that planetary orbits are determined simply by pairwise attractions among solar objects. Rather, for Kepler, the Solar System is a coherent system, in which each available orbital pathway is defined primarily by the Solar System as a whole, not the Solar System by the mechanical accretion of individual orbital pathways. In modern language, Kepler's notion of the Solar System is the fruit of an impulse toward defining a multiply-connected Riemannian physical-space-time manifold. The effort to elaborate exactly such a conception, is reflected in the way in which Kepler derived his method immediately, and chiefly, from his study of the scientific writings of Cardinal Nicholas of Cusa, and of the two most notable followers of Cusa in physical science, Luca Pacioli and Leonardo da Vinci.

Kepler's method, like Leonardo's, is that of the *docta*

ignorantia of Cusa. The ultimate origin of Kepler's approach to founding astrophysics, was the relevant work of Plato, with notable emphasis on the principles of physical geometry featured within Plato's *Timaeus*. The relevant principal immediate followers of Kepler's founding of astrophysics, are Fermat,¹⁵ Pascal, Christiaan Huyghens, and Gottfried Leibniz. After Leibniz, the principal follower of Kepler in the development of astrophysics, is the Carl Gauss who proved Kepler's case for a missing, destroyed planet, the asteroid belt, lying in an orbit between those of Mars and Jupiter. The connection between the Fifteenth-Century emergence of modern experimental physical science, and of the economy of the modern sovereign nation-state form, is no coincidence. Both had their ancient root in Plato's notion of a republic, as that Classical outlook erupted in force in the Italy-centered Fifteenth-Century Golden Renaissance.

Thus, the lawful outcome of Kepler's approach to astrophysics in particular, and physical science in general, is commonly typified by the world-outlook expressed by the work of Gauss and Gauss's follower Bernhard Riemann in physical science. Thus, it is no mere historical accident, that Riemann's revolution in mathematical physics, his 1854 habilitation dissertation, is crucial for a competent comprehension of physical-economic processes in the required systemic terms.¹⁶

There appears, thus, in Kepler's astrophysics, a notion associated with expressions such as "the Mind of the Sun," the "Mind of the planet," and so on. I describe this as a matter of my accountability to the reader, while recognizing that most readers will suffer some difficulties in understanding what is for them an unfamiliar, but nonetheless, for statecraft, an indispensable notion.

The implications of Kepler's relevant intention could not be made fully clear until the successive work of Gauss and Riemann in defining a physical geometry (i.e., a hypergeometry), in which all *a priori* ("ivory tower") notions were eliminated, in which only experimentally validated universal physical principles survived as "dimensionalities." Thus, we have the Gauss-Riemann notion of the unfolding of an orderable series of multiply-connected manifolds, a geometry in which that notion of *analysis situs* which had been introduced by Leibniz, superseded simply algebraic notions. This succes-

15. e.g., Fermat's demonstration of the need to supersede a naive notion of shortest "straight-line" distance, by that notion of *least time* which Christiaan Huyghens, Gottfried Leibniz, and their collaborators developed further as Leibniz's principle of universal least action, the latter thus replacing the simplistic, arbitrary, and false notions of an aprioristic "Euclidean geometry" of Galileo, Descartes, Newton, Euler, and the latter's followers.

16. An historical note here, to ward off captious quibblers. Admittedly, my principle discovery in the science of physical economy was made prior to my taking the fuller implications of Riemann's 1854 habilitation dissertation into account. Although my principled discovery was clear, the manner in which to express that discovery in terms of a generalized physical system, depended upon my intensive 1953 study of the relevant work of both Georg Cantor and Riemann.

sive development of a true relativistic physics, by Gauss and Riemann, made clear, at least implicitly so, a crucial feature of Kepler's earlier definition of astrophysics, the notion associated with phrases such as "the Mind of the Sun."

Kepler's empirical work had already shown, that the determination of the orbits of the planets, and also the composition of the entire Solar System as a coherent organization, supplied to the orbits of each planet a built-in *intention* which was superior in its efficiency to any simply algebraic conception of the mathematical determination of such an orbit.

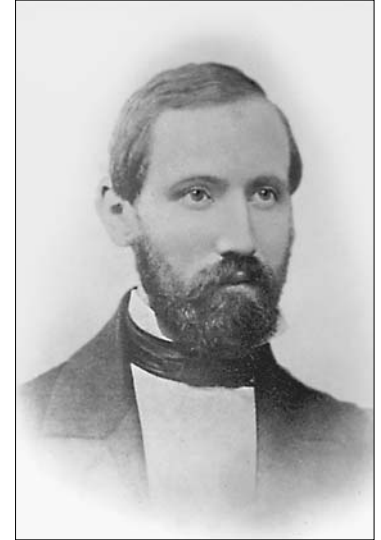
It was from the implications of this discovery, by Kepler, that he assigned to future mathematicians such matters as the mathematics appropriate for a calculus. Contrary to the British and French "Enlightenment" ideologies of the Eighteenth Century, it is a simple historical fact, that the Leibniz calculus was an original development by Leibniz, based directly upon such requirements set forth by Kepler. The proper definition of the term *non-linear*, as applicable to the successive development of astrophysics by Kepler and Gauss, is of this Kepler-Leibniz form, the form corresponding to what Leibniz defined as a principle of universal least action.¹⁷

"Non-linear" does not signify an algebraic, or "non-algebraic" number, but, as Cardinal Nicholas of Cusa, in opposition to the earlier work of Archimedes, was first to define rigorously the significance of π ,¹⁸ a hypergeometrical locus in physical space-time, a place yet to be ever more precisely defined within a higher order of notion of number. This notion belongs to the domain of a Riemannian orderable sequence of multiply-connected manifolds, in which the physical meaning of such non-linearity is made perfectly clear functionally.¹⁹ This notion accords exactly with the intent of Kepler's definition of the governing orbital intention of a planet, or the Sun, which he identifies as the "Mind" of that

17. This definition of non-linear has no congruence with notions associated with John von Neumann, for example. Kurt Gödel's devastating refutation of the life's work of both Bertrand Russell's *Principia Mathematica*, and of Russell acolyte John von Neumann in mathematics, typifies the class of fallacies underlying both von Neumann's and Russell acolyte Norbert Wiener's efforts to explain away the challenge of non-linearity. Those hoaxes by Russell, Wiener, and von Neumann, are an hereditary outgrowth of Euler's childish *Letters to a German Princess*, as Euler's tactic for dealing with the definition of π led to the interesting but epistemologically inconsequential work of Hermite and Lindemann on the problem as misdefined by Euler.

18. *De Docta Ignorantia (On Learned Ignorance)*, trans. by Jasper Hopkins as *Nicholas of Cusa on Learned Ignorance* (Minneapolis: Arthur M. Banning Press, 1985).

19. This is the same domain of number associated with Georg Cantor's use of the term *transfinite*. Although Cantor's work on this matter during the middle 1880s is lucid and profound, it were better, for several reasons, to resituate that notion of the transfinite within the physical setting of Riemann's habilitation dissertation and notions of *analysis situs*. Under sundry pressures, including the inquisitional savagery of Leopold Kronecker and association with pro-satanic Aleister Crowley's sometime confederate Rudolf Steiner, Cantor's writings of the 1890s bring some awful ideological baggage into the subject of the transfinite.



The implications of Kepler's astrophysics could "not be made fully clear until the successive work of Gauss and Riemann in defining a physical geometry (i.e., a hypergeometry), in which all a priori ('ivory tower') notions were eliminated, in which only experimentally validated universal physical principles survived as 'dimensionalities.'" Left to right: Johannes Kepler, Carl F. Gauss, Bernhard Riemann.

planet or Sun. The point to be stressed here, is that exactly this notion of non-linearity occupies a crucial place within the science of physical economy.

In physical economy, the primary measure of progress is, as I have stated repeatedly, here and elsewhere, an increase of the *potential relative population-density* of the human species. The first approximation of this measurement, is obtained by measuring the relative anti-entropy shown empirically in man's physical relationship to the universe, as that relationship may be measured over time, per capita and per square kilometer of the Earth's surface-area (i.e., the biosphere as broadly defined by Vernadsky).

The primary impetus for such anti-entropic action, is supplied by experimentally validatable discoveries, or replications of such acts of discovery, of those universal physical principles which qualify as *physical dimensionalities* of a Riemannian form of multiply-connected physical-space-time manifold. The technologies which are generated as features of an experimental design which successfully validates such discovered universal principles, or the relationship among such principles, then define the new forms of action (technologies) by means of which mankind's physical power in and over the universe is accomplished. The *action* represented by realization of such discoveries, is the sole *direct* cause of the anti-entropic increase of the potential relative population-density of the human species.

This anti-entropic function is characteristically non-lin-

ear. That is, this function can never be reduced to the form of the universe according to Euler's *Letters to a German Princess*.

However, because of the nature of the discovery of universal physical principles, we can not define *the quality of action* responsible for progress in per-capita terms. We may describe the effect in per-capita terms, but not the human *action* which generates the effect. This involves a crucial point which standard accounting and related practice today never seems to wish to understand.

Strictly defined non-linearity, as I have indicated here what it is not, appears within the science of physical economy in two types. First, it is expressed as a form of action associated with the universal physical principles underlying the discovery of the technologies employed in production and related physical activity. Second, it is expressed by the intrinsically non-linear nature of the mental processes by means of which validatable original discoveries of universal physical principle are generated, or, in the alternative, the original experience of that discovery replicated, as by a student.²⁰

In the second of those two cases, the crucial factor is the relevant development of the personality of the actors. This

20. I have elaborated the non-linear characteristics of the cognitive processes in sundry published *EIR* and other locations. See, e.g., "The Becoming Death of Systems Analysis," *EIR*, March 31, 2000.

development is pivoted upon two requirements. First, we must take into account that accumulation of discoveries of physical principle upon which the maintenance of the present level of technology of economic practice depends. Second, we must take into account the accumulation of universal principles of a social-cultural quality, upon which effective cooperation, to economic effect, among the members of the society depends. The Classical principles of artistic composition in plastic and non-plastic art-forms illustrate the nature of the second; however, the conceptions of history and of statecraft derived from the combined effect of scientific education and practice and also the influence of Classical forms of artistic composition, are an integral part of that required cultural development of the members of society upon which the cooperative realization of scientific and physical-economic progress depends.

The latter requirements coincide with a corresponding cultural development and general health of the individual and family household. For example, a modern economy could not exist without a life-expectancy in the order of eighty to ninety years, and without a degree of leisure and quality of family-household and community life consistent with *playful* fostering of the relevant creative-mental (i.e., cognitive) qualities of the individual personality.²¹ The requirements obviously include a net growth of the population, which means a corresponding birth-rate. It means, in modern economy, a school-leaving age in the order of a quarter-century of development of the education and related development of the new individual.

The proverbial “bottom line,” in all of the aforelisted and related requirements, is the anti-entropic increase of the potential relative population-density of the human species. This implies a measurement which must take into account at least a quarter-century span into the future.

A quarter-century is the lapse of time required to transform a newborn infant into a functioning adult qualified to assume the levels of professional responsibility a modern

21. In earlier published locations and public addresses, I and my associates, such as Helga Zepp-LaRouche, William Wertz, and Ralf Schauerhammer, have frequently discussed this notion of cognition in connection with Schiller's aesthetical letters [*Über die ästhetische Erziehung des Menschen*]. Schiller compares, and contrasts this principle of playfulness [*Spieltrieb*] in animals with that in human individuals. All truly creative persons are dominated by a more or less effervescent, irrepressible quality of playfulness, which horrifies the ponderously pedantic, but which is expressed by creative persons in a cognitive mode non-existent among animals. The happy play of a gifted child and a happy puppy demonstrates the connection and axiomatic difference between animal and human playfulness. It is precisely the quality of cognitive playfulness typical of a true genius such as Wolfgang Mozart, a Beethoven, or Johann Sebastian Bach before them. It is the characteristic quality of state of mind of all great Classical, as distinct from and opposed to the methods of Romantic compositions in poetry, plastic arts, and song. The form of punning expressing true Classical metaphor, as distinct from infantile barnyard varieties of rhyming games, is typical of all creative personalities. It is precisely such cognitive playfulness, in the Classical tradition associated with the honored memory of Plato's Athens, which must be the foundation of child-rearing and public education.

economy typically requires. It is also today's lapsed-time between the birth and qualification of a professional of one generation and the appearance of a member of the successor generation. A quarter-century, is the minimal span of useful economic life of today's typical long-term sort of physical-capital investment in the productive capital and basic economic infrastructural development of a modern form of agro-industrial economy. Unless such essential capital factors of the economy are being adequately maintained, shorter-term apparent gains in unit physical cost of production are illusory.

Such are the considerations upon which the definition of the notion of progress depends.

2. Process Sheets and Bills of Materials

We come now to the pivotal topic of this report, the matter of defining the principles which control the proper composition and use of what I have described, in my *Trade Without Currency*, as a standard basket of commodities. The latter is the standard which I proposed be crafted as a new international, practical index of economic value.

The general method to be employed for crafting such a basket of commodities, can be illustrated, if only in first approximation, by reference to certain well known industrial engineering and related practices to be found presently, almost exclusively, among the relevant professionals from a generation born before or about the time of the 1929 U.S. stock-market crash, a generation now more than sixty years of age. I remind those from that older generation of what they used to know, and offer the younger ones a sense of that presently indispensable experience, which, under present world crisis conditions, they most urgently need to come to know.

In the following pages, I shall also remind many among my fellow-survivors of that older generation, that there are some other important things they, unfortunately, had not yet learned. The immediate object at this point in the report, is to focus upon the evidence of what used to be more or less traditional industrial engineering practices, as a platform from which to launch a practical approach to an understanding, by today's readers, of what a “basket of commodities” implies.

I begin this section of the report with an outline of the bare rudiments of the production cycle, as these might be needed by most chief executive officers of today's giant industrial corporations, whose recent, publicly visible performance attests, that even persons of their rank and age have little or no experience, who have virtually no comprehension of the interior of a durable form of competently directed agro-industrial economy in general. From those introductory observations, I shall proceed, by successive approximations, to identify and resolve the apparent paradoxes of the productive

process which involve the essential, determining function of those interrelated notions of *non-linearity* and *anti-entropy*, to which I have referred above.

Formerly, as recently as thirty years ago, the beginning of even rudimentary competence of an individual in any aspect of the management of production, or accounting, was centered in the apprenticed prospective production executive's ability to prepare a reasonably accurate version of two measurements of the most simply defined of the directly incurred costs of production of any physical product manufactured. These were *process sheets* and *bills of materials*.

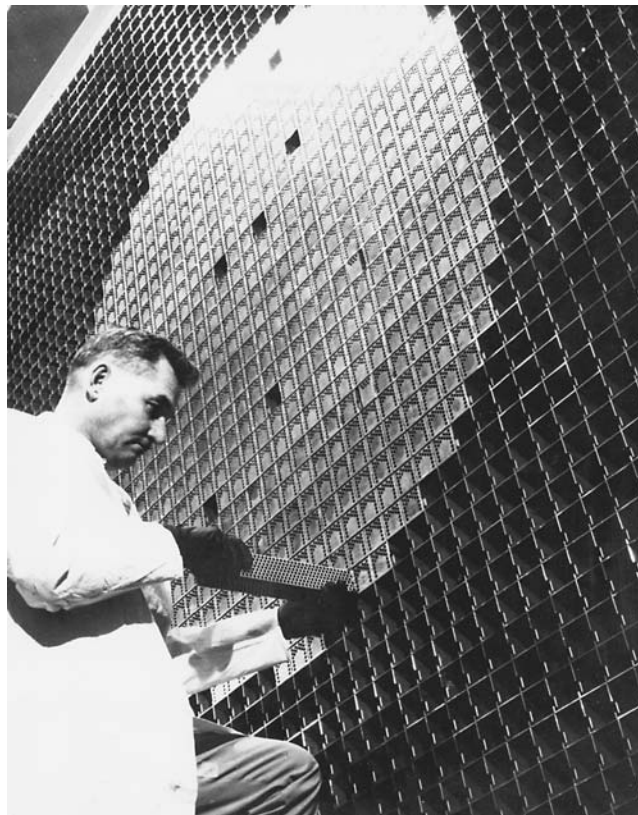
During the recent three decades, with a skyrocketing proportion of managerial and quasi-professional occupations of doubtful utility to society, or worse, the ration of business executives competent in even the most rudimentary aspects of production economics has collapsed, both in relative quantity and quality. If the U.S. economy, in particular, is to be resuscitated, presently continuing trends respecting composition of employment, must be sharply reversed, returning the economy to approximately the ratios of composition of employment of thirty-odd years ago. Restoring competence in what might have been lately shunned, as "old-fashioned" types of production management skills, will be urgent.

Among professionals, and in the related published literature of that field, there have been various definitions of these cited two kinds of production-related documents. My definitions here, while brief, are both competent and fair, and will probably prove satisfactory for the pedagogical purposes immediately at hand.

The first of these two kinds of reports, *the process sheet*, was completed by tracing the progress of production through the successive points of action upon work in progress on that item, from point to point of the production sequence, from beginning to end of the cycle, to the packaging of the completed product for delivery. This included an identification of the materials and components introduced at specific points in the succession. The *bill of materials* complemented the process sheet with an overlapping identification of the gross and net quantities of components, materials, power, and supplies, the which were incurred as costs at each point of the sequence represented on the process sheet.

The process sheet was premised upon either an existing, or implied mapping of the total points of production, and of operations auxiliary to production, thus mapping the enterprise's production-process as a whole. Each particular process-sheet so situated, was associated with a specific product or group of products, associated with a definite work-place in each point in the sequence, and associated with the kinds of technology specific to the operations performed at each such location.

The flow of production through the relevant sequence, was not measured in units as such, but either measured in economic lot-sizes, or in unit-quantities implicitly corresponding to, and thus convertible into either standard, or ad-



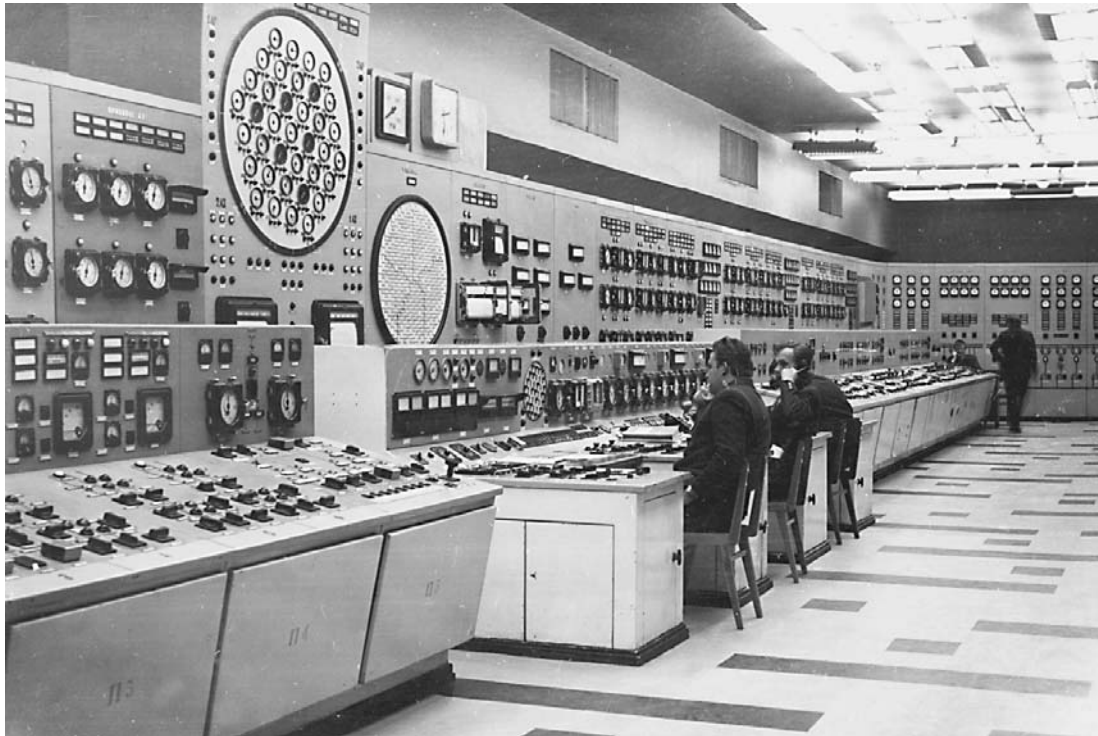
Prior to the "post-industrial" paradigm shift of the past thirty years, America was a leader in advanced industrial research and development, and production executives were trained accordingly. Shown here, a technician loads nuclear fuel into the Argonne National Laboratory's Zero Power Plutonium Reactor, which was designed for the study of large-scale fast breeder reactors. The program is now defunct.

justed kinds of economic lot-sizes.²² For these process sheets, production activity was thus measured actually, or implicitly in such lot-sizes, and units processed at each point in the sequence, that in amounts corresponding to output at that point, per working shift during all or part of a working day.

The bill of materials identified the identity, and the esti-

22. Generally speaking, only by exception, was production-flow organized in single units of output of a specific design of product. In most cases, the flow was usually organized in batches, batches selected to meet the standard of what was called an "economic lot-size," batches in which the average incurred cost per unit tended toward either a simple minimum, or an optimum balance between cost per unit processed and the requirement of maintaining a desired mix of types of unit-products flowing through the process during the entire day, week, or month.

Notably, the value of the output of a factory, or closely related group of factories, requires that the producer organization's market be satisfied, by a reliable level and balance of flow of produced output among the product-mix, that a variety of kinds of things proffered to the usual customers by the producer's catalogue. Obviously, there is an implied asymptotic, economic limit to such variety, a limit expressed as an inverse of the function of economic lot-size. Therefore, as in automobile manufacturing, tying design of type of product to model-year marketing, or increasing the variety of types



The central control desk of the Novo-Voronezhskaya nuclear power station in Soviet Russia, before the takedown of Russia's advanced scientific and technological capability (under direction of Wall Street and the City of London).

mated gross and net amounts of the materials and components, and of power and other supplies, required for each average unit within the lot produced, also locating the point in the process sheet's *critical pathway*, at which the consumption of such items occurred.

Estimated prices, such as that of labor and other components, materials, power, and other supplies, were then applied to the results of that study.

Such backtracked connections were not only the model for tracing the process of production in manufacturing plants, but also for general construction, transportation, and agriculture. This practice also provided an approach to a rough but meaningful mapping of the flow of production and products through entire economies, even the world economy as a whole.

As I used to point out, in my series of lectures on economics, if we backtracked, from the process sheets and bills of material for any product in production from enterprise A, to define the process sheets and bills of materials of the set of vendors, located collectively at point B, the latter being those

according to garment-manufacturers' efforts to saturate a market for current style-preferences, tends to increase the costs of production and prices, as well as the tendency for chaos and outages in output. Related kinds of problems arise in the manufacturing of military-combat aircraft, for example, in which understandably frequent modifications of design tend to create an administrative, and both a production and a maintenance nightmare.

Those interested in pursuing such matters may study extensive literature on the overlapping topics of critical-pathways in production scheduling, and the relevant impact upon input-output analysis.

who supplied each among the essential elements consumed by A, and then proceeded, similarly, to the set of vendors, gathered at point B, who supplied set B, set C, and so on, we might discover, that backtracking the sources behind a single cup of coffee sold and consumed in a particular restaurant, would soon take us around much of the world, confronting us, so, with the vision of a "world-wide cup of coffee," so to speak.

This backtracking must take into account not only the direct costs represented on relevant process sheets and bills of materials, but also the incurred, indirect requirement of the physical capital improvements associated with each point in the network.

Thus, reflecting so on all the direct costs and required capital improvements expressed in the existence of the world-wide cup of coffee standing before us, a conception of much of the entire world comes into view, not only the world of the present moment, but of many generations past, and, for the more thoughtful person, an insight into the possible future.

That is the gist of the matter, thus far. At that point, with study of the physical (rather than monetary) capital factors, we go beyond the limits of the world as seen in terms of cost accountants' linear estimates of elements of simply direct cost in process sheets and bills of materials. Now, bringing capital factors into play, the factors of non-linearity, which I have indicated earlier, dominate our investigation.

The productive process is intrinsically non-linear, the more ominously so as the capital-intensity increases, and as increased rates of changes in technology are incorporated into

both the performance and the decision-making. The development and performance of the labor-force itself, is intrinsically non-linear in all respects. The actual results of taking into account physical-capital factors of these varieties, therefore rarely correspond, even in approximation, to the linear assumptions popular among such economics illiterates as most present-day financial accountants, business-management school courses, and the like.

The same conflict with conventional financial-accounting world-outlooks, erupts with great force in matters pertaining to the organization of the productive process viewed as a whole, and as it is to be viewed in light of the consideration of capital factors generally.

Notably, from the standpoint of the qualified production-management specialist, recent decades of increasing domination of the administration of production by a linear financial-accounting mentality, have produced remarkable increases in the variously hilarious, sometimes slapstick, or profoundly tragic results of increasingly weighty interventions of Wall Street mentalities into the direction of the U.S. economy. The introduction, from the 1950s on, of the follies of management propagated by institutions such as Harvard Business School, with their calculations of such tulip-bubble-speculation-like considerations as “financial opportunity loss” factors, are notable.

The difference between the risk of the kind of blunders more typical of the qualified production management in earlier decades, and the follies, then and now, of Wall Street’s and kindred financial-management supercargo, is that Wall Street has had an increasing preponderance of public-relations control over mass-media, and has enjoyed that and other old and recently introduced existing modes of the political power, for covering up the variously scandalous and tragic consequences of the follies intrinsic to a typically linear Wall Street mentality.²³

To understand that Wall Street mentality, and its echoes among the Street’s more pathetic varieties of bucolic lackeys, such as a U.S. Senator Phil Gramm or U.S. Congressman Tom DeLay, we must bring into focus such persons’ common, aggressive form of imbecility respecting the capital factors of technology and labor. The technical side of the causes for the present global financial crisis, is to be found in the sources of what has passed for the education of the like of Gramm and DeLay: that is to emphasize the linear mentality commonly expressed in the academic domain by the influences of such disgusting creatures as Thomas Hobbes, John Locke, Bernard Mandeville, David Hume, François Quesnay, Adam Smith, anti-Leibniz fanatic Euler, and utilitarians and hoaxsters such as Thomas Malthus and the original head of the British Foreign Office’s secret committee, Lord Shelburne’s lackey Jer-

23. “Your Baby-Boomer cronies will stop laughing at you for wearing it, when they read how good the sale of that product looks on their corporate balance-sheet!”

emy Bentham. In other words, those names typify the mentality common to that taught by what pompous academic fools, such as Senator Phil Gramm, teach, still today, as “Classical political-economy:” the legacy of the opium-trafficking British East India Company’s Eighteenth-Nineteenth-Century Haileybury School in political-economy (**Figure 6**).

Economic Time and Anti-Entropy

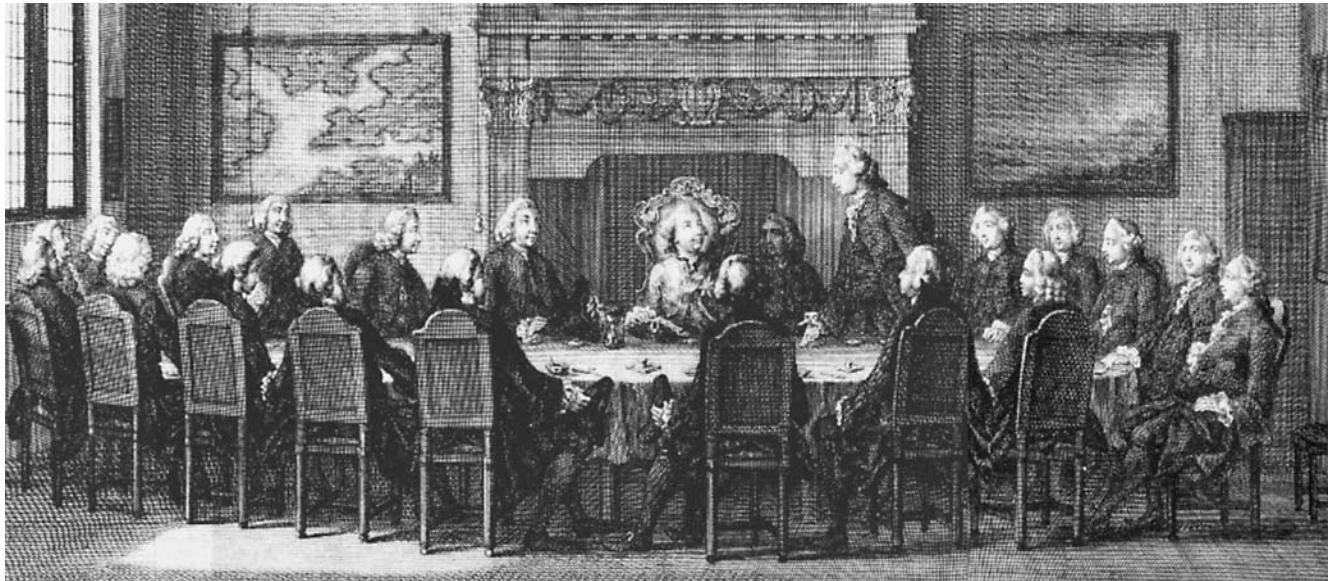
As I have already indicated here, the first-approximation definition of intrinsically non-linear expressions of capital factors, is the implicitly non-linear characteristic which is to be recognized from close study of certain paradoxical peculiarities of the role of *lapsed time* in the production process. Certain stubborn paradoxes oblige even the simply intelligent observer to see that this notion of time can not be the linear time of Galileo’s aprioristic or “ivory tower” notion of reductionist matter swarming in so-called “Euclidean” space-time. This is time as defined as “least time,” or “pathway of shortest time,” in the spirit of Fermat, Christiaan Huyghens, Leibniz, and of Riemann’s notion of multiply-connected manifolds.

Thus, broadly speaking, it is the action which accomplishes its objective in relatively shorter time, which yields either an only apparent, or real increase in physical-economic productivity. This notion of measuring in terms of the pathway of shortest time, in opposition to choice of what is apparently the “Euclidean” notion of shortest distance, locates the relevant economic effect not in so-called Euclidean space-time, but in a Riemannian view of physical-economic processes, as a process situated within a relevant kind of multiply-connected manifold.

The relevant objective, is to introduce changes in technology which have the effect of improving the characteristic curvature, and therefore the relative definition of shortest time. Such a notion of shortest time, is not that located in Galileo’s “ivory tower” notion of physical action in linear space and time, nor in time as measured by financial accounting. This is time as locatable only within a non-linear, anti-entropic geometry which is axiomatically the domain of the efficient expression of the actual, physical-economic action.

By “actual,” I signify the physical action which produces the observed effect, rather than the accountant’s usual, linear effort to consider only the effect in and of itself. In other words, such an accountant will stubbornly insist on interpreting the action by representing the apparent effect of successive events in the manner of connecting the dots on a graph. That simplistic view would be comparable to representing the human activity of walking as the portrait of the footprints of the action, rather than the action which produces those prints.

To most persons, at first encounter, this notion of the measurement of shortest time in production, may appear to be a strange notion, but the conception, and its indispensable function, begin to become clear when we turn to measuring economic progress on a scale of increasing anti-entropy.



Copper etching by Arend Simonz of a meeting of the directors of the United East India Company on June 1, 1768, convened under William of Orange (center). The tyrant William exercised control over the East India Company as England's dictator. The later British East India Company of Lord Shelburne and Shelburne's lackeys Adam Smith, Jeremy Bentham, et al., was a continuation of the coup, by William, which turned out to become the basis for the establishment of the British monarchy in 1714.

In first approximation, this notion of least time, is as it appeared in the succession of the work of Fermat, Huyghens, Leibniz, and, hence, in Riemann's notion of the characteristic curvature of action in an hypergeometric physical space-time manifold. This conception of least time, serves as an integral part of the notion of long-term capital factors of economy.

Notably, this approach to defining the notion of relatively shortest time, corresponds, as I have just emphasized, to the notion of variability of the characteristic curvature of physical space-time. The characteristic standard of measure of *shortest time of physical-economic action*, is then seen as determined by changes in the principles of the relevant Riemannian type of notion of physical-space-time geometry of the field of action being considered.²⁴

This notion of *economic time* is not only the most appropriate one, but is indispensable for dealing with the definition of relative rates of effective capital attrition under conditions of changes in practiced technology. Some fairly simple, but also crucial illustrations of this point are available.

Those notions come to the surface of attention when we consider so relatively simple a change, as decrease of the

average lapsed time between two distant points of production, or of production and consumption, that according to improvements in speed, capacity, classification, or warehousing procedures, in transport of goods or power. Also, consider such notions of changes in rate on account of factors of capital attrition, when technological progress increases both the physical efficiency (e.g., implied contribution to productivity) and rate of attrition of old investments, and yet decreases the real (physical, replacement) cost of old capital investments relative to the productive powers, and incurred costs of labor.

More profoundly, physical-capital factors, when situated within the domain of those actions corresponding to the act, rather than the footprint, of actual or implicitly possible technological progress, define the domain of physical economy as a domain of changes in *characteristic least action*, as such action is to be defined in a Riemannian way. This obliges the economist to view the action of the operative at the point of production, for example, as *action* in Leibniz's use of *Kraft* (e.g., power) in his sense of universal least action. This notion of *characteristic action*, of Leibniz, is also the notion of action implicitly intrinsic to Riemann's habilitation dissertation.

Thus, to restate that important point, economic action is not to be seen as financial accounting practice usually does, nor as the reductionist school of Galileo et al. views action, but in the relativistic sense of Leibniz's definition of universal least action. *The meaning and value of action, such as the productive act of the individual production operative, is thus transformed in ways which correspond to notions of*

24. It should be noted, as a matter of precautions against simplistic, "Newtonian" readings of the point being made here, that the notion of relative time must be adjusted when we pass from examining non-living systems to living systems, and, changes in a fundamental way, when we pass from focussing upon only lower forms of living processes, to cognitive processes. In truth, time has a relative, not absolute value. The function of time in living processes, is among the interesting paradoxes still to be addressed more adequately today.

FIGURE 6



What pompous academic fools teach, still today, as “Classical political-economy.” (Francisco Goya, “Los Caprichos,” 1799)

*changes in power of action, as determined by changes in the technological manifold in which the observable specific action is situated functionally.*²⁵

Simply illustrated, this kind of increase of the power of action, such as that by the operative, is the case, even when the technological form of the action performed by the operative has not changed, but only the technological environment in which that act is situated. The same plumber employed in a production facility, when the latter facility is associated with relatively higher levels of technology, is more productive than when the same plumber was employed, with the same skills, in a plant based overall upon a relative lower level of technol-

25. It should not be overlooked, that the notion of relativistic time reflected in the foregoing illustrations, are reflections of the impact of human cognitive action in changing mankind’s functional relationship to nature in general.

ogy. The rate at which the plumber’s contribution, integrated into the process as a whole, impacts the production process and product as a whole, through the division of labor in the plant’s process as a whole, is accelerated by being situated within a domain operating, overall, at a higher technological level.

A change in the nature in the choice of multiply-connected manifold, as the latter is represented by technological changes introduced to design and production of products, has the effect of changing the Riemannian form of relativistic physical-space-time curvature of the domain of action in which the action of, in this example, the plumber is situated. The resulting coupling is not, as some would propose, action as misdefined by Galileo’s notions of matter, space, and time, would define action upon another manifold, as if externally. The action is defined by the effective physical-space-time curvature of the technological manifold within which it occurs, as action performed directly upon, and within the manifold represented by all among the interacting technologies of that domain. Thus, the relative anti-entropy of the domain in which the plumber’s action occurs, is changed, thus bringing about an increase in the plumber’s productivity without any change in the techniques employed directly by the plumber himself.²⁶

Those cases, of transport systems and of the plumber, also illustrate the role of basic economic infrastructure in determining the relative productivity of the farm or factory situated in the relevant locality. This, similarly, illustrates the implicit, principled, intrinsic, vast superiority in economic performance, under the protectionist model of modern sovereign nation-state economy, over the relatively miserable performance, and misery produced by an economy subjected to the IMF’s WTO’s common practice of the triple evils of compounding the lunacy of Carter-style “deregulation,” by adding the draconian imposition of “free trade” and “globalization.”

The latter observation also points to the fact, that the attempted technological development of the economy of China would fail, terribly, unless the introduction of new production technologies were situated within the technological realm defined by massive development of the basic economic infrastructure of China’s deep interior. The same is true for India; without a revolutionary improvement in the basic economic infrastructure of India’s countryside as a whole, technological progress locally within urban centers, would turn out to be an economic and social catastrophe—an existential catastrophe!—for that nation as a whole. Similarly, the development of Asian Russia, and of the associated states of Central Asia, is crucial for the success of technology-driven attempts to revive the economy of Russia as a whole. We shall address

26. Thus, the act of digestion by a chimpanzee in a zoo, has a different significance than the act of digestion of a virtually identical banana by the child watching that chimpanzee eat.

that matter affecting those three and other cases, more directly, in the next section of this present report.

Those just-cited considerations are brought into the foreground, by close examination of even the most rudimentary examination of physical factors of capital formation. At this point, we must abandon the simplistic notion of time associated with empiricists such as Galileo; we must normalize the measurement of economic time according to a *universal economic principle of anti-entropic action*.²⁷

As relevant authorities have emphasized, in living systems in general, as I have just indicated for the case of economic processes, the notion of time must be adjusted to the relativistic considerations inherent in the fact that the action to be considered is situated within a manifold, that of living processes, which is characteristically anti-entropic.

As I have stressed earlier here, as in my *Trade Without Currency*, in treating economic processes, all competently defined notions of physical function must be reduced to a measurement of the relative *anti-entropy* inherent in the economic process considered as an entirety.

What should the word “entirety” be understood as including? My generation among economists wrote often of the problem of defining a certain kind of economic “horizon,” the assumed boundary represented by a certain point in the future, a point defined as one beyond which the relevant kinds of significant effects of today’s policy-decisions could be seen as more or less settled consequences. As I have stressed, as a practical matter, such measurements, including forward estimates for physical-economic rates of growth, should be constructed for a base-line period defined by a “horizon” which may be estimated today, as of not less than a quarter-century. By relative anti-entropy, we signify, in first approximation, the ratio of the gain to the previous volume of the total expenditures upon which the generation of that gain depends.

For the benefit of the novice, we return, for a moment, back to the pedagogical tactic of first approximations.

In a monetary system, the apparent competitive value of the total product of a national economy as a prospective investment, is a discounted amount, which, unfortunately, is often estimated, *falsely*, by dividing the margin of profit of the economy as a whole according to a ruse akin to estimating the prevailing ratio of nominal return on investment in that market (e.g., “financial leverage”). Even worse, as in the tulip-bulb-bubble-minded practice of both today’s traders, financial speculators, and central bankers, such estimations are made on the base of extremely short-term estimates of the nominal rate of return for the national economy being assessed.

In a much saner practice than today’s monetarists will tolerate, calculations are to be made, as I have said above, in

27. The choice of the term “normalize,” was made here to emphasize the methods of observation employed successively by Kepler and Gauss in the matter of astrophysical, for Gauss, geodetic observations.

a physical economy on a standard base-line “horizon” of about a quarter-century into the future. The physical-economic, rather than merely financial standard used for defining an estimated future return, is premised on physical-economic values only.

It is fraud, to have counted as a benefit—“a windfall,” the overlooking of what must be counted, in fact, a marginal loss to the productivity of an economy, a loss which is caused by an amount of depletion or ordinary depreciation which should have been deducted from reported profit, or economic growth. Such a form of fraud has been commonly perpetrated in recent decades U.S. national-income accounting. That is to say, that it is fraudulent, as the U.S. government has done since 1971, to estimate economic performance in ways which overlook the obligation to replenish the depleted resources and capital one has left to rot, such as past investments in public works, or to overlook the losses to the economy as a whole by scrapping, or not replenishing the quality of future labor-force required, or to disregard the abandoned investment in past capital improvements in production.²⁸

As I have already indicated, the quarter-century estimate has the included significance of not only taking into account the minimal span of a reasonable estimate of a capital-replenishment cycle, but also the way in which the accumulation of productive capital may be expressed in terms of the physical-economic output of the population.

Now examine the implications of what I have just said, in the following terms of approximation.

The Basket in First Approximation

The standard used should take two classes of current activity-levels chiefly into account.

The first, is the standard of living of the portion of the total labor-force whose employment is “consumed” into the current production-process, as in the form of the work of either operatives or technicians in the production of the physical output as products of the total economy, at presently prevailing levels of technology. This approximation is correlated with the notion of a base mean wage-level of physical-economic standard of income for the households represented by the labor-force’s operatives and technicians, a level of income corresponding to a mean base-level of relative skill and productivity of the labor-force in general.

That estimate includes the market-basket of not only physical products required for the mission of sustaining a defined standard of living and potential productivity. We must

28. Much of what was counted as gains in U.S. National Income and Product during the 1970s and beyond, counted trillions of dollars of aggregate depletion of former investments in essential infrastructure and so forth as a contribution to the Gross National Product! Had such looting of the combined private and public sector’s prior capital investments been charged against cost and expense, the statistics would have shown the U.S. economy as contracting, especially during and following the Presidency of Jimmy Carter.

include an indispensable provision for maintenance and improvement of those essential public and other services, such as education and health-care, and also participation in Classical forms of artistic composition, and so on, on which the maintenance of the present and future productive potential of the labor-force depends absolutely.

The second is the replacement value, as measured in current costs of physical production (not historical financial prices), of the combined public and private capital investment in infrastructure and production. Other physical-economic values to be considered are assessed both by relevant forms of comparison with those two, and by their functional relationship to them. In addition, such calculations include a provision for assessing the structure and demographic characteristics of the social composition of the population, the labor-force portion of that population, and related matters.

Also note, that if the population as a whole is in decline, to remedy that decline, there must be either an appropriate form of combined increase of the birth-rate and decline of the death-rates, to correct the tendency toward economic auto-cannibalization of the nation, or the failure to effect such remedial increases, must be reflected in a discounting of the estimated rate of profitability and productivity of the economy as a whole.

The general objective to be met by such estimates, is not to pre-fix prices, as might be attempted in rigid national planning by financial accountants, but to define a scale on which to study comparisons among relative values. The purpose is to secure a clearer conception of the notion of what should be maintained at what are at least present physical-economic levels, as distinct from what must be improved, or decreased, to make possible a better than zero-anti-entropy level over the foreseeable quarter-century or so ahead. Once that level is estimated, then the relevant policies can be identified.

In other words, the notions of “better” or “worse” must be stated in terms which, implicitly, fairly estimate a zero-level of *the ongoing rate of increase of anti-entropy*. Such estimates must be constructed in modes which lend themselves to expressing all estimated values in terms of the social division of labor within a population of relatively viable physical-economic forms of demographic characteristics.

To summarize and reformulate the implications of the points just listed, we have the following.

Put the structure of the content of a basket of commodities to one side for a moment. We shall return to that matter after the following, crucial conceptual problem has been summarily reviewed.

What I am about to say here—which I have said often before this occasion—is beyond the scope of what most people today will be willing to consider as “practical.” Nonetheless, this topic is absolutely indispensable for understanding the underlying principle of all economic processes.

In the present state of world crisis, the likelihood that civilization as we have known it, will survive the present brink

of a global new dark age, depends upon an understanding of this matter among at least some leading circles of those influencing the shaping of national policy. Like the practice of medicine, which few patients have mastered, it is a subject in which competence is sometimes essential, if threatening crises are to be overcome by the society, to save the lives of the knowing and witless alike.

The underlying practical reality of any form of economy, is as defined only by the science of physical economy. No form of actual economy could ever be viewed competently as anything other than a reflection, a by-product, of that specific *anti-entropic* quality of individual human action, called (by the hoaxster Kant) *synthetic judgment*, or termed, otherwise, *cognition*, the which sets the human species apart from, and above all other forms of living processes. All the deep, controlling principles of the science of physical economy, and of competent economic practice in general, depend upon a more or less efficient grasp of what are the initially stunning implications of recognizing the function of cognition in determining the potential relative population-density of the human species in general, and societies in particular.

As I have already reemphasized above, the typical, although not the only efficient expression of that specific distinction of the human individual, is the experimentally validated discovery of a universal physical principle, a discovery which occurs, and which could only occur, within the bounds of the non-deductive, sovereign cognitive (e.g., synthetic-judgmental) powers of individual human reason. This notion of individual reason, is the same conception of the possibility of truthfulness and justice which Plato’s Socrates defends against the contrary views of the characters Thrasymachus and Glaucon, as that dialogue is developed in the great work most commonly known today as Plato’s *Republic*.

The implications of this quality of individual human cognition for physical science, are those given a rounded expression by Riemann’s 1854 habilitation dissertation. The most relevant comments upon that dissertation, are the following.

Riemann’s work is to be recognized, and understood, as the outcome of the efforts of many predecessors, that of Carl Gauss most immediately, as also of Leibniz most emphatically, and also of Kepler before Leibniz, and of Cusa, Pacioli, Leonardo, and others before Kepler. The most crucial feature of Riemann’s dissertation, is the boldness with which he, at the start, publicly eradicates the authority of all *a priori* (e.g., “ivory tower”) axioms of matter, space, and time, including Aristotle’s reductionist prescriptions, and replaces such *a priori* axioms by new principles which are defined solely by the authority of experimentally validated discoveries of universal physical principles. The most important among the subsumed features of that dissertation, is that it takes physics out from under the tyranny of the department of ivory-tower varieties of mathematical physics, and places the determination of the universality of discovered universal physical principles, under the dominion of a certain, unique notion of rele-

vant experimental designs.

This view of uniquely experimental proof of the validity of universal physical principles, serves as the axiomatic foundation for the ability to measure the form of the physical-economic increase, per capita, of the power of the individual person in and over the universe at large. That conception, as the implications of Riemann for physical economy were anticipated by the relevant 1671-1716 work of Leibniz in defining the science of physical economy, is the pivotal principle upon which the authority of any competent study of economy depends absolutely.

In this relatively narrower, first-approximation view of the facts of physical economy, one is already compelled to consider a most startling fact. Since mankind's increase of power in and over the universe—i.e., of potential relative population-density, occurs only in the form of the application of valid discoveries of universal physical principles, the generation and application of such discoveries, must be admitted to be the only form of action through which mankind is able to increase its power over the universe. That should be read in, broadly, the same sense Vernadsky, in his work on biogeochemistry, shows the independent power of a universal physical principle of life over non-living processes.

So, taking the facts as considered up to this point in my argument here, the evidence is, that if valid discoveries of new universal physical principles, are the only form of action by means of which mankind is able to increase our species' power in and over our universe, then, such are the only forms of action which express the principle upon which all competent study of economy depends: the ability to willfully increase the potential relative population-density of the human species.

Suddenly, thus, the meaning of the term *action*, is removed from the sense-perceptual domain as portrayed by Galileo, Newton, Euler, Clausius, Helmholtz, et al. Suddenly, we find ourselves, so to speak, in Plato's cave. The world of sense-perception is once again recognized to be merely the shadow-world. The real world lies in those forms of action, by means of which mankind is able, willfully, to increase the human species' power in and over the universe. There, expressed in the experimental validation of universal physical principles, in the partnership of our mind and hands, not in the reductionist's shadow-world of simple sense-perceptions, lies man's functional relationship to the universe and its laws.

For that reason, the notion of action upon which the practice of a science of physical economy must be premised, must be action of the anti-empiricist, anti-Kantian, cognitive form indicated. Furthermore, the characteristic form of action in that domain, can be nothing other than the principle of universal anti-entropy implied by the notion of an implicitly orderable series of successively higher forms of Riemannian multiply-connected manifolds. That is the general definition of anti-entropy for the mathematician. It is within that sort of Riemannian space-time, not the shadow-world of sense-per-

ceptual space-time, that the real universe exists, in which the efficient form of real action is situated.

We are, thus, once more, sent back into Plato's cave. In a universe, in which the only form of man's efficient action, as I have described such action here, is anti-entropic in quality, *change*, as Plato, in his *Parmenides* dialogue, qualifies Heraclitus' famous aphorism, is definable only as the essential ontological form of substance, a quality of substance which stands in contrast to the mere shadow-world of sense-perception as such.

Thus, the adopted functional notion of time, must be in accord with such an ontological principle of time as defined by the action corresponding to efficient universal anti-entropy.

The Universality of Cognition

I have already stressed, that the fact that the increase of society's potential relative population-density is measurable in per-capita terms, does not signify that human progress is determined functionally within the bounds of the individual person's direct relationship to that universe. Here we confront a most important paradox. On this account, I must now summarize, as briefly as permissible, a point which has been central to all of the most important aspects of my work, and related published writing, during more than a half-century.

Every generation of a valid discovery of a universal physical principle, could occur only within the sovereign bounds of the cognitive processes of an individual human mind. That discovery occurs in the same fashion a metaphor is generated and resolved, as the subject of a successful form of what a Friedrich Schiller would recognize as a Classical poetic composition, or Schiller, like Mozart, Beethoven, and Schubert recognized, in their correction of an erroneous opinion of Goethe, as the manner in which Classical poetry—including that of Goethe—should be represented in the domain of Classical musical composition.

A contradiction of a special form erupts in the form recognizable in physical science as what is termed an *ontological paradox*, as Plato's *Parmenides* typifies the notion of an ontological paradox. A true metaphor in great Classical European poetic compositions, is an example of the same kind of contradiction. The pedagogical puzzles of counterpoint, as typified by J.S. Bach's use of the concept of Lydian intervals, in his composition of his celebrated *A Musical Offering*, illustrates this point. As I have elaborated this in many published reports on this subject, the cognitive experiences responsible for generating a to-be-experimentally validated discovery of a universal physical principle, occur only within the sovereign boundaries of the cognitive processes of the individual human mind, an act of discovery which is neither subject to observation by sense-perception, nor by means of the kinds of use of language associated with reporting sense-perceptual experiences as such. Nonetheless, the experience of discovery can be validated experimentally, and the ontological paradox

which provokes such a discovery can also be replicated within the experience of others.

Once we recognize the uniqueness of discovery of universal physical principles, as the unique expression of man's power in and over the universe, we are obliged to regard as primary, the only means by which the cognitive experience of one mind can be replicated within the experience of the sovereign cognitive processes of another individual.²⁹ Otherwise, without such replication, the ideas of universal principle can not be transmitted from one individual mind to another. They certainly could not be transmitted by any deductive method, such as literal speech premised on simple observation of sense-perceptions. Otherwise, cooperation around such ideas, by society, among members of living generations, and with future generations, were not possible.

Thus, just as validatable discoveries of universal physical principle are a unique expression of man's power in and over the universe, so the ability to communicate the replication of such ideas, is an elementary form of efficient cooperation in application of such discoveries within society.

Thus, like the Classical scientific method of Plato through Riemann, those forms of artistic composition known as Classical, as opposed to the Romantic, for example, are an indispensable expression of the means by which the minds of members of society can establish that cooperation through which notions of truthfulness and justice, as well as physical-economic progress are made possible.

Thus, contrary to Immanuel Kant, for example, the phenomena of cognition define those individual and social functions, the which express the specific nature of the individual human being, and of society. The cognitive processes' functions, as associated with scientific and technological progress, are explicitly anti-entropic; those associated, typically, with Classical artistic composition, are implicitly so. These functions of cognitive communication within society, define the mission-oriented cooperation upon which the continued successful existence of successful political economies depends absolutely.

29. The example of the challenge of performance of Classical musical compositions, is among the most convenient demonstrations of this point. The competent performer does not sing the notes, but, rather, the music. The notes are merely a mnemonic device, which the performer accepts faithfully, but which he, or she, as a musician recognizes as the footprints of the music, not the music which defines those footprints. After all, a Bach, Mozart, or Beethoven, knew exactly what he was doing, in putting down certain notes; but, what interests the competent performer, is not the notes as such, but rather the solutions to contrapuntal puzzles which are embedded as challenges to the performer among the notes themselves. Wilhelm Furtwängler sometimes referred to this as "performing between the notes," reenacting the action of the composer, rather than interpreting the footprints. The singer of Classical song, for example, re-creates the experience of the adduced intent of the composer, to the purpose of bringing the effect of that intent to life within the cognitive processes of the individual members of the audience. Such accomplishments are the essence of truly human forms of communication; nothing different can rightly enjoy the reputation of art.

Therefore, the maintenance and development of those cognitive qualities of functional relationship, from one generation to the next, and within contemporary society otherwise, must be considered an indispensable cost of any viable form of political economy. A society of Yahoos, such as the condition to which the unfortunate majority of today's United Kingdom has been degraded, especially since the awful consequences of Prime Ministers Harold Wilson's and Margaret Thatcher's tenures, is scarcely an actually human form of society, and not one of a type qualified as likely to survive in such a form.

Thus, the elements of education and participation, as artists or audience, in what are, at worst, decent approximations of Classical humanist forms of education, is as essential a component of the necessary standard of living of the family household and its members, as food, clothing, health-care, and shelter. The level to which such aspects of leisure and education are promoted, will determine the level of potential productivity in the labor force, in the society and among its members. Classical humanist education and recreation are, thus, an integral, indispensable part of the cost of living.

The Matter of Structural Reform

Thus, in defining the indispensable elements of physical cost for an economy, we must, of course, put emphasis upon education in the discovery and use of physical principles. However, to accomplish that, as I have just said, requires the development of the person and of social relations in ways congruent with the notions of Classical, that is, intrinsically cognitive, modes of artistic composition. This requires a composition of the organization of the energy represented by the living day of the family household, community, and nation, in ways in which not only such forms of education are nurtured, but in which leisure is promoted to such specific ends.

Thus, both the physical act of production and that development of the individual personality through which anti-entropy is introduced to economy by means of human labor, are non-linear. The act of production can be competently assessed only by the yardstick of anti-entropy. Economic events are then to be defined, as I have illustrated the case of the plumber, for their relative anti-entropy, in their actual functional relationship to the *relative* anti-entropy of the domain within which those acts are situated.

The context in which those acts are situated, is to be understood in terms of the sort of Riemannian multiply-connected manifold which represents the multiple-connected unity of three classes of universal physical principles: a) ostensibly non-living, b) living, and c) cognitive. As I have already stressed, once again, in this present report, in this configuration, the living dominates the non-living, as Pasteur and Vernadsky have insisted, and the cognitive dominates the living otherwise defined. Of these three, only the latter two are intrinsically anti-entropic, *if each according to a different universal physical principle*—the distinction of the physical

principle of cognitive processes from those of other expressions of the physical principle of living processes. *It is the multiple-connectedness, that in the sense of the usages of Gauss and Riemann, of the sets of universal physical principles associated, respectively, with non-living, living, and cognitive processes, on which the anti-entropy of the non-living aspects of a physical economy depends absolutely.*

On this account, the existence of the productive action within an economy, must be defined as situated within the developed condition of the basic economic infrastructure within which the definable individual action of production is situated.

It is in this context just summarily described, that the structural composition of functional classes of employment are to be defined.

As I have prescribed in my *Trade Without Currency*, the physical-economic standard of relative value of the output of an economy considered as a whole, is provided by *the comparison of the net physical output of economy, both per capita and per square kilometer, with the forecastable rate of growth of the net margin of gain in output.* This estimate can not be a deduced value; it must be premised upon foresight into a reasonable choice of horizon, in which relevant capital factors bearing on the medium- to long-term are adequately taken into account. Hence, the indicated choice of a quarter-century horizon, as a fairly estimated practical standard for present uses.

This required forecast provides a standard of reference for defining what are the necessary physical-economic factors needed, to sustain at least present levels of productivity of the labor-force, and also provide growth in net physical-economic rate of productivity.

This presents us with not only a required physical-economic standard of consumption of households, and of the capital factors of farming, industry, and so forth, but also a rather precise definition of optimal composition of the social division of labor within the economy as a whole. This composition is sometimes referred to as a *structure* of employment and investment, as the term “structure” has been employed under the title of “structural reform” of the economy. One might wisely think back to Alexander Hamilton’s December 1791 Report to the U.S. Congress, *On the Subject of Manufactures*, where the progressive development of structure of the division of labor between rural and urban economy is taken up. The included object of the general reform needed to deal with the present crisis, is to reverse the “structural reforms” introduced under that name, which were pushed during the 1970s and 1980s, to return to approximations of the structural composition of a better day in modern European political economy.

Although the corresponding structure of economic composition of a national economy, is sometimes regarded carelessly as a division between public and private sectors, in the real world, such a division of labor never need be seen in

terms of iron-clad, fixed distinctions, but only as an effort at approximations.

A broad division between rural production of products of forest and farm, on the one side, and urban manufactures, on the other, as by Hamilton, illustrates the point. However, neither a division between urban and rural production, nor a strict division between public works and private enterprises in the maintenance and development of basic economic infrastructure, can be strictly defined in any general way. Some discussion of this and related matters is indispensable.

As I have repeatedly stressed in other locations, the indispensable role of government in the maintenance and development of basic economic infrastructure, is to be derived from the principle, that the moral right of government to rule is conditional upon its efficient commitment to what both Governor George W. Bush and Vice-President Al Gore have fanatically rejected, the constitutional obligation to promote the general welfare. However, this does not necessarily mean that this is a sector of the economy axiomatically relegated to government. It means that government is responsible to see that the job is done, and done properly, in a timely fashion. In all sane practice of the U.S. Government, this means that either the government or private enterprise may perform the function, *but*, that government can never abandon its regulatory functions and duties respecting basic economic infrastructure as a whole.

Above all, whether the maintenance of infrastructure can be performed profitably, or not, is irrelevant. It must be done, in any case. If the private sector does not, government must.

Conversely, there is no section of private enterprise from which government is to be banned categorically. In U.S. history to date, government has often taken a leading role in sections of private enterprise, such as the operation of arsenals by the military, and related and similar responsibilities for leading in the fundamental and other research and development upon which technological progress of the nation as a whole depends absolutely.

The continuing, non-divestible duty of government, is to ensure that the necessary job is done. The distinct function left to the authority of private enterprise, is to undertake progress in areas which are not perceived by government to be in direct or implied mandatory assumption of responsibility by either government or existing forms of private enterprise. The responsibility of government to foster progress, is not also the right of government to prevent technological progress at the expense of private entrepreneurship. The government must meet the economic obligation which the private sector either fails to perform, or which is currently ill-suited to its role; however, private entrepreneurship is not to be restrained, on principle, from doing what the government is reluctant to undertake.

If those points are properly understood, the respective economic functions of government and private entrepreneurship shall get along rather well.

Thus, in any general definition of the structural composition of labor in a national economy, the matter of whether a function were performed by government or private entrepreneurs, is not a clearly predefined division in any general way. The division of labor on this account, varies with the circumstances. What remains consistent, from case to case, is the notion of what must be done, and how, not which must do it.

Thus, the division of labor, as represented by the structural composition of employment of the total labor-force, is primarily that among development and maintenance of basic economic infrastructure, production of primary and refined materials of production in general, household and related goods, capital goods, and scientific and technological progress as such. Overlapping that division is the division of labor within the organization of production and distribution of physical goods: such is the output side of the structural composition of the whole. The overlap among these, results in a set of ratios among categories of employed division of labor of the labor-force as a whole; such is the input side of the structural composition. The applicable general rule is, that, respecting both the output and input sides, the capital-intensity must increase, and that, also, the ration of the total labor-force engaged in forced-draft forms of scientific and technological progress as such must increase relative to the employment of the labor-force as a whole.

This should require no further elaboration on the details of that matter; the principles should be implicitly clear. Only the implications of rising (physical) capital-intensity require a point of further clarification. Return to the example of the plumber, referenced above.

The characteristic feature of a successful economic process, is the increase of anti-entropy, as I have discussed this above. The sources of this anti-entropy, include living processes generally, with emphasis upon living processes of increasing equivalent of energy-flux-density per unit of scale and mass. Thus, we make the deserts bloom, and the forests prosper, for as simple a reason as that this is something worth doing for the general benefit of mankind. We increase the rate of anti-entropy in the activity of the labor-force as such, by scientific and cultural progress in the education and daily life of the population. We increase the anti-entropy reflected in the composition of production and related elements of the environment, to effect of raising the level of technology of the economy as a whole. The increase of the quantity of available energy, and of the available energy-flux-density, by methods including the reduction in the cost and price of producing such energy-supplies, is an example of this. The result of applying these priorities, is to elevate the relative anti-entropy of the manifold within which the activity of the individual actor is raised in the same sense that the plumber's productivity was increased by an enhanced work-environment even without any change in the level of technology and skill practiced by that plumber.

By setting an index-value of household consumption in

terms of the existing social division of labor in a national economy, and assigning a price to the required income of that household, the analysis of the structure of employment and production in the economy as a whole indicates a value which can then be compared with the value calculated for another economy. This comparison of baskets of commodities so defined, when compared with a determined rate of physical-economic growth, provides an implied relative indexing of the output of each among the economies so compared.

By programming a feasible rate of growth into each such economy and its relations with the others, so analyzed, the comparative index-values are adjustable in a most appropriate way: to define index-values in terms of the rate of growth to be generated by trade among these economies. As more discussion along these lines will make clearer, the political and other feasibilities of such calculations are much greater than pessimists might imagine. Thus, through such discussions and negotiations, usable index-prices in terms of a basket of commodities can be set.

3. Prices as Set by a Global Mission

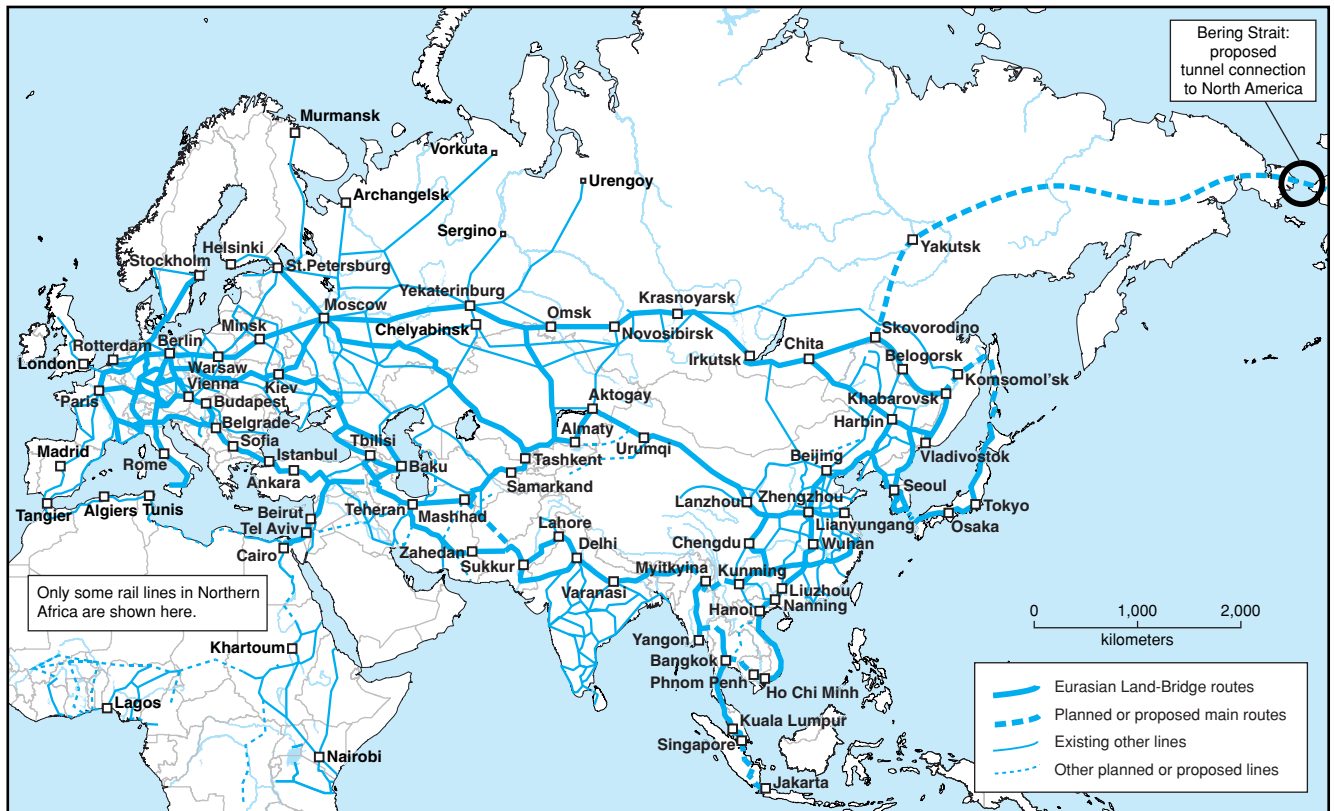
Take, as a case in point, the discussions of cooperation among a group of nations designated as "ASEAN Plus Three." Look at such matters as the emerging plans for development of North Korea, as to been seen in the currently ongoing discussions between the representatives of the North and South. Take the respective adducible wish-lists for long-term capital-goods and related flows among Japan, Korea, China, and so on. Start from present capabilities and capacities, and a matching of what some among them wish to export, and others wish to import.

Then, extend that view to include the world at large. First to Eurasia generally [Figure 7], then the Middle East and Africa. Then assume that the U.S.A. will become what it is not presently, a willing partner in such cooperation, and also ending what has become lately a virtual war against what President Franklin Roosevelt had envisaged as its "Good Neighbors" among both the nations and their populations to the south.

Implicitly, what I have just said confronts us with an apparent paradox, the same kind of paradox addressed more than a half-millennium past, by Nicholas of Cusa's *Concordantia Catholica*. This is the apparently paradoxical proposition, which argues, in effect, that the general interest of the world as a whole can not be satisfied except through promoting the perfect sovereignty of that type of modern nation-state typified in intent by the 1776 U.S. Declaration of Independence and Preamble of the Federal Constitution. The solution to the apparent paradox, a half-millennium ago, and even more emphatically today, is a comprehension of the fact, that

FIGURE 7

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



the mission which must be the adopted, governing intent among nations, is a reflection of the same mission which the 1776 Declaration of Independence sets forth as the reason, wholly grounded in natural law, for that rebellion against the British monarchy which established the sovereignty of the U.S.A.

The tell-tale symptom of the required choice of world mission today, is that with which President Franklin Roosevelt confronted a thus-enraged and vengeful Prime Minister Winston Churchill, the remedying of the monstrous inequities created by the combined Portuguese, Dutch, British, and French colonial systems. This included remedying the similar abuses by Roosevelt’s principal immediate political enemy at home, the Wall Street which, by continuing tradition, still today, has adopted the ambition of becoming as brutish as the British monarchy itself — or even more so.

Today, this global mission is centered in the requirement, that the technological level of the physical-economic manifold of the former victims of depredations by the British monarchy and its imitators, be brought up rapidly to the effect of a truly modern standard of living. This means not only large-scale infusions of the means required for technological progress, but a heavy emphasis upon extensive development of

the basic economic infrastructure upon which the effective use of improved technology depends absolutely. Such were the policies for post-war, post-colonial Africa, with which President Roosevelt alarmed both Churchill and “that bastard” Mountbatten, who accompanied Churchill on that occasion.³⁰ British-led genocide in Africa not only continues, that largely as a result of Roosevelt’s premature death, but “Rhodes Plan”-style rampage, aided by Secretary Madeleine Albright, is far worse today, and increasingly so, than during any part of the recent four decades.

This means, in practice, that the nations of Japan, the U.S.A., and western continental Europe, among others, must rapidly gear up for what shall become the greatest flow of technological progress into the so-called developing regions of Eurasia, Africa, and Central and South America ever even imagined. This transfer will occur chiefly in the form of medium-term to long-term credit. This will be made feasible by

30. Such were the pro-genocide policies of the British Monarchy’s Field Marshal Montgomery, who among his other lovable qualities was, on account of his contributions to postponing available victories, beyond reasonable doubt, the worst leading military commander, on any side, during World War II.

the establishment of a toughly maintained fixed-exchange-rate monetary system, and by long-term borrowing-costs in the order of approximately 1% simple interest, often with significant “grace” periods inserted. A relatively small portion of such export-activity shall occur through money-loans; most of the relevant trade will be accomplished through the medium of state-backed credits.

This means, that the leading edge of global cooperation among nations, during at least the quarter-century immediately ahead, must be emphasis upon a downstream flow of science and technology from the nations and sectors of national economies which represent the relatively most advanced machine-tool-design and related capabilities, in the form of infusions into all parts of the economy, and the world, in which the economy is functioning on a lower level. The assignment of a portion of total output and input to such transfers, will be the critical margin in determining the required price-equivalent in the form of an index over the period immediately ahead, and, with appropriate adjustments, for a quarter-century or so to come.

The basis for the amount of credit extended for this mission will be found in the allotment of a portion of the total produced output of capital-exporting nations. This allotment will take the form, in a relatively large degree, of the expansion of total capacity and output of the exporting nation, in a way not dissimilar on principle to U.S. credit to western Europe during the greater part of two post-1945 decades.

In practice, the administration of this shift in the composition of the division of labor in world production, will be premised upon long-term agreements among the nations involved in this mission. The feasibility of such administration lies largely in the fact, that a very large portion of the total medium-term to long-term credit extended for development, will be represented either by very large-scale, TVA-like projects in development of basic economic infrastructure, or by capital investments in modern productive capacity which are generated as either direct by-products of, or other harvesting of the economic opportunities whose existence depends upon the great infrastructural projects.

Since the development and maintenance of the required division of labor, including the margin of growth intended, is a political decision respecting the composition of employment in the economy as a whole, no automatic price could be competently defined by a state-less “free trade” system. It is the decisions made by the sovereign nation-state, on such matters, which determine what the right price-setting should be, that by determining the social composition of employment, income, and so forth of the national society considered as a unified whole.

Thus, the common objectives of a group of cooperating nations, can not be served except as each participating nation makes an appropriate sovereign political commitment to the mission commonly adopted among the nations as a cooperating group. Since rational national decisions can be made only

through participation of the citizenry according to a common principle, the promotion of the general welfare, and since cooperation among nations must be consistent with a notion of the general welfare of each and all as cooperating nations, the existence of the sovereign form of modern nation-state republic solves the paradox I have stated above.

The Example of Africa

For example, the development of Africa. I describe an anonymous case of a typical failure in design of the kinds of aid projects formerly given to sub-Sahara Africa.

A certain agency agreed to fund the installation of a meat-cannery in a certain African nation. The facility installed was of the most modern type, and well done. However, the project became a scandalous failure. The supply of the cattle for the work of the cannery was assigned to a region in which diseased wildlife roamed. The cannery virtually died for lack of non-disease-ridden cattle. There are also notorious cases of projects which, in effect, connected nowhere to nowhere, and a general practice of so-called “development,” in the spirit of “blankets-whisky-and-trinkets for the natives.” Among the most destructive co-factors in this general sort of travesty has been the effect of “environmental impact” studies in sabotaging precisely those kinds of large-scale infrastructural development upon which any effective “transfer of technology” depends unconditionally.

As any study of the growth of the North American economy since the early Seventeenth Century shows, successful development of a continent, such as Africa today, depends upon large-scale programs of development of basic economic infrastructure. This means large-scale water management, conquest of territory by dense transportation networks, and the proliferation of new communities based upon those networks, and an accelerating growth in the production of power, with emphasis upon increasing energy-flux-density of the streams of power supplied.

This also requires efficient measures in public sanitation, and transforming the environment in ways to control dangerous infestations by diseases and pests. Without these priorities, talk of economic improvements in Africa are a cruel hoax. To promote “environmental” reasons for preventing such infrastructural development, were more honestly termed the intent to promote genocide.

The policy for development of Africa must be, first and foremost, the development of the needed basic economic infrastructure and the promotion of the improvement of the demographic characteristics, including life-expectancy, of households and the population as a whole. The insertion of technological progress in production into a setting defined by those objectives, should be the general rule governing development programs of groups of nations supplying the needed technological assistance.

In the case of Africa, very large systems of basic economic infrastructure are an unavoidable priority. The fore-

FIGURE 8

Projected African Railway Network (Main Lines)



Sources: Fusion Energy Foundation, *The Industrialization of Africa*, Wiesbaden: Campaigner Publications, 1980; *The Times Atlas of the World*, New York: Times Books, 1990.

most objective for improvements in production, is the establishment of the preconditions for transforming Africa's vast, all-too-fallow agricultural potential into a source of revenues from export into, notably, hungry, densely populated regions

of Asia. The principal spines of that aspect of the development effort, will be represented by a skeletal structure of water-management, transportation, and power development in projects on a transcontinental scale. These transcontinental

systems will be few in total number, and installed largely by outright grants-in-aid by joint efforts of relevant nations.

Typical are transport channels, including complexes of rail transport [Figure 8], power production and distribution, and water, across Africa from locations such as Dakar to Djibouti and Port Sudan. Large-scale water-management projects, including surplus water from the Congo region into the region of Lake Chad, will be typical. North-south transcontinental rail lines, as from Alexandria to Capetown, are also typical. The use of port areas and large streams as the location of centers for combined, large-scale power production, industry, and so forth, is typical. These sorts of principal development projects provide the base-line for projects penetrating various parts of the continent more deeply.

The number of such projects of that scale, is few, but the impact on the continent as a whole, relatively maximal. The required amount of aid is easily defined as finite, and manageable on that account. This foreign aid will occupy a diminishing percentile of the total aid supplied, as the initial projects are used to build up the organized capabilities for an increasing portion of the effort completed by local governments, and groups of governments, using domestic capabilities developed as a by-product of the large-scale foreign-backed undertakings in the form of grants-in-aid.

The most important impact of such infrastructural programs, will be in terms of the transformation of the productivity and conditions of life of Africa's rural population. The fact that improvements of the condition of agriculture address a vast and growing market in parts of Asia, ensures that Africa's improved agricultural potential will have the market needed to promote an upward course of evolution of conditions of life and the division of labor for Africa's population as a whole. It is under such conditions that Africa can develop its own internal development of a modern composition of division of labor.

The stunning fact of such development of Africa is, that, by North American and European standards, what might appear to be very little, can accomplish very much. What might seem but a little to us, in North America and western Europe, is relatively big for Africa today. The benefits of applying the relatively little represented, for example, by the indicated sorts of base-line transcontinental infrastructure programs, are thus relatively enormous as a percentile of the present levels of per-capita income and output within Africa at large.

If we can bring the epidemic disease problems of Africa under control, the economic potential of Africa, relatively small at first appearance, becomes enormous over the course of a generation. President Franklin Roosevelt would have been pleased.

The kinds of programs required, have been outlined by me and my associates, and also by others, in other published locations.

Central Eurasia and Space

Apart from Africa, the aspect of global development projects which requires additional comment at this point, is the case of the vast, underpopulated region of North and Central Asia, including the undeveloped regions of western China. The use of development corridors, based on the spine of high-speed rail and analogous forms of mass-transport systems, from western Europe to the Pacific, across Asia, is not only the most fruitful of the projects of development available now, but one which will have the greatest beneficial, revolutionary impact in changing the economic common practices of the world as a whole.

Efficient high-speed rail transport across the interior of Eurasia, as this should be superseded by magnetic-levitation-based systems, will change the economic geometry of the planet as a whole, by shifting weight from a sea-based, toward a land-based transport of freight. The gain in physical-space-time-effectiveness, implicit in the development of such transport systems, will be a leading consideration. Under the impact of that shift, the areas of the north and interior of Asia, which have been sparsely populated and weakly developed, will become quickly a region of the greatest intensity of global change in patterns of infrastructure development and population.

There are two other leading implications of such a development, in addition to the impact of the new transport systems as such.

First, this region of Eurasia is abutted by three regions of the world's greatest concentrations of population: Europe, South Asia, and the coastal regions of Southeast and East Asia. The areas which will benefit greatly from Central Asia development, include the western regions of China, including its arid regions.

Second, this is an area of one of the world's greatest on-land concentrations of primary minerals, and thus an area well-suited for relevant processing and production facilities.

There is also a somewhat more distant objective to be reached, one with implications which reach far and high. Look at the area of tundra across northern Siberia. Not only is the economic conquest of tundra on the technological horizon at present, but the oncoming next great glaciation scheduled for the northern hemisphere of our planet, prompts our long-range thinking to developing policies intended to master the threat of the kind of approximately 100,000-year-long glaciation thus threatening the upper half of the U.S.A. and corresponding regions of the Eurasian land-mass. Although we are in the early millennium of the long-term cooling phase of this glacial cycle, there are reasons we should be attacking this challenge now, during the decades immediately ahead. This is complemented by the fact, that gaining manageable development of the tundra region means great economic gains in the relatively near-term.

Turn attention back, once more, to Plato's concerns about the long-term dangers to civilization from natural catastro-



The Crab Nebula in the constellation Taurus: a very distant and paradox-ridden phenomenon. "No one from Earth is likely to travel to that area in the foreseeable future. Despite that, a study of those paradoxes, now, and mastery of certain among the implications of that, may greatly benefit what we are able to do, soon, here, on Earth."

phes, the kinds of catastrophes to which mankind has learned to adjust, somewhat, but lacks so far the means to prevent. Looking at the tundra areas of Eurasia and North America, should prompt us to consider the more general class of challenges which the oncoming schedule of glaciation only typifies.

Among serious thinkers, the progress of science and technology since Kepler and Gauss, has prompted increasing attention to the subject of the feasibility of managing the physical conditions of human life through development of physical systems of control over the environment — the biosphere — of the surface of our planet as a whole, and also of at least nearby regions of Solar space. Since all fundamental scientific progress depends upon breaking through limits, including the boundaries inhering in largeness and smallness, the exploration of nearby space reached the state, three decades ago, at which we demonstrated that expenditure in the development of space exploration provoked a return of as much as ten-to-one, or more in terms of increased productivity spilling over from scientific crash programs into the technology of product and production, here, back on Earth. When we think of the development of power sources of successively increased energy-flux density, as from burning of wood and use of windmills, through coal, petroleum, nuclear fission, and on to thermonuclear fusion and evidence of the possibility of controlled matter-antimatter reactions down the line, intelligent people

would no longer say that it is a mistake to undertake practical nearby steps in the direction of sometimes distant objectives. At least, no intelligent objection would be made merely on the basis of the evidence that reaching the goal might be distant.

However, we need not limit our argument for such undertakings to such apologetic tones. What I have been emphasizing in the course of unfolding the theses presented here, is the evidence that fundamental scientific progress is not only always a source of benefit realizable in present time, but that it is precisely the optimistic outlook and creative activity associated with those kinds of long-range thinking, from which mankind is most likely to derive the cognitive and related benefits we might already begin to enjoy some not distant tomorrow morning.

For example: the fabulous Crab Nebula is a very distant and paradox-ridden astrophysical phenomenon. No one from Earth is likely to travel to that area in the foreseeable future. Despite that, a study of those paradoxes, now, and mastery of certain among the implications of that, may greatly benefit what we are able to do, soon, here, on Earth. Posing to ourselves any question which has a valid basis, on any subject, no matter how remote, teases the cockles of our cognitive powers, as nothing else can match the likelihood of a discovery which will be, in some way, of immediate benefit to mankind as a whole.

From the point of reference defined by measuring poten-



A “dialogue among cultures”: Lyndon LaRouche talks with Africans at a conference in Kiedrich, Germany, in 1996.

tial relative population-density both per capita and per square kilometer, the elementary form of work is not the production of physical products, but, rather, the production of the validated discovery of new universal physical principles. It is from the latter, that increased physical productivities spring. To control the well-spring, is to control the flow downstream.

Therefore, the production of such ideas, typically the universal physical principles and the indispensable complement of universal principles of a Classical artistic type, is the well-spring of economic growth and rising productivity. Thus, does the kind of foresight inhering in cognition, bring the future into the present. It is highly motivated science-driver programs, the discovery of universal, so-called universal physical principles, on which the economic and related policies of a truly sane society are based primarily.

In summary, the “structural” composition of income and employment, as can be determined rationally only by the governments of sovereign nation-states, is the basis upon which indexes and the design of monetary systems must be premised.

Once we have agreed on a general program of trade, relative to medium-term and long-term development of a cooperating ground of nations, the outline of long-term trends in structural composition of the composition of trade and division of labor, gives us a reasonably clear picture of what the structure of the costs and incomes of nationally economies will be over a significant period ahead.

Since what will happen as a result of such understandings, will be patterns of development and trade which conform to the structure based upon the long-term elements of agree-

ments on credit and trade, what will tend to result, is a pattern which is determined by the agreements underlying the definition of the composition of a basket-of-commodities indexing agreement. The result may be better than that agreement has anticipated; if so, the choice of agreement has been shown to have been a prudent one. Otherwise, down the line, the indexes may be modified as developments warrant. The practical question is not whether the agreed indexes set the right price, but whether or not they represent a workable and reasonably fair agreement.

4. Culture as a Physical Cost of Labor

Now, briefly, some concluding remarks.

The most notable problem represented by the efforts to bring about the indicated form and degree of cooperation among the nations of Eurasia, in particular, is the implications of the differences in religious and other cultural heritages brought together in this way. The consequently required emphasis upon a “dialogue among cultures,” entails extensive labor among the representatives of these cultures, but that labor is to be appreciated as a blessing, not a burden. Plato and the Christian New Testament Apostles, for example, would agree on principles already set forth by them.

The strength within today’s globally extended European civilization, as distinct from the bloody pollution also accumulated therein, is a quality which, to the best of our present

knowledge of the matter, originated with the ancient Greeks, as was best typified in that time by the Socratic dialogues of Plato. This contribution is the establishment of two interdependent principles, the principle of the idea and the principle of knowable truthfulness. All of the good ever contributed by European culture, came chiefly from that source. Any representative of that legacy will demonstrate that fact, by being prepared to regard any dialogue among cultures as the occasion for subjecting all assumed points of doctrine to the tests appropriate for defining ideas and truthfulness.

The economic task confronting a presently self-imperilled world civilization, is to shift the focus away from the Hobbesian notion of conflict among persons and nations, to a policy of cooperation rooted in commitment to promotion of the general welfare of all persons within nations, and the welfare among perfectly sovereign nation-states. As I have emphasized repeatedly in this present report, the required progress, and the agreements on which such progress depends, depends upon qualities of cooperation rooted precisely in those notions of ideas and of knowable truthfulness.

This is immediately to be observed in physical economy as such. Scientific ideas, as Riemann's 1854 dissertation aids greatly in defining the notion of universal physical principles, are indispensable for the kind of progress now so desperately wanted. Yet, without those insights into the cognitive process, which only a Classical-humanist approach to artistic composition and performance provides, the transmission of scientific ideas will be difficult, and therefore deficient, and cooperation around such ideas will be in jeopardy.

Take, as an example of the implied problems, the issue of defining law in a way which not only crosses national and religious borders, but does so in nothing but a cognitively rational way.

There are certain relevant examples which help to define the structure of the problem so posed. The case of Nicholas of Cusa's dialogue, *De Pace Fidei*, is a leading example, as are the similar approaches to ecumenicism by Germany's Gotthold Lessing and Moses Mendelssohn. These writings, as they apply immediately to ecumenical relations among Christianity, Islam, and Judaism, are exemplary of both the nature of the more general problem, and the solution. Most important is the emphasis upon which differences should be resolved, and which should be politely left alone. We must agree upon what we may, and leave in peace what we presently can not. What applies to the relations among the different currents of Christianity, Islam, and Judaism, provides a sense of the way in which to approach relations among believers generally.

That said, focus upon those aspects of an ecumenical dialogue which must be addressed in common on account of urgent kinds of physical-economic and related matters.

A quarter-century, sometimes much longer, is required to transform a newborn baby into a qualified young professional. So, in dialogue among cultures, a certain sensibility to that

fact is required. Urgent issues for resolution should be only those which by nature bear directly upon the physical-economic viability of the individual nation, or the possibility of physical-economic cooperation among nations. These kinds of issues fall under a common title, the notion of the essential nature of the human individual, as opposed to the nature of lower forms of life. These latter conceptions form the body of what should be regarded as natural law, as distinct from dogmas of revealed religions as such, and as distinct from the notions of customary or purely positive law.

A dialogue devoted to the implications of what is probably a truthful conception of human nature, is therefore to be regarded as congruent with what is otherwise recognizable as general public and higher education of the young of any, and, hopefully, every nation. Yet, since a dialogue among cultures, is to engage the populations represented in a suitably general way, the requirements of the dialogue itself must be reflected in the latter forms of education generally found in each nation.

This does not require that every nation have precisely the same educational program. It requires that within the education programs of the nations, there must be a common, ecumenical element, by aid of which the cultural specificities of each nation may be rendered intelligible to that of the other, even if there is not complete agreement on the relevant topics.

The relevant problem inside the U.S. today, is that the prevailing standards of public and general education, have degenerated during recent decades, to the degree that much of that education is intrinsically untruthful by self-definition, and otherwise monstrously corrupted relative to standards of two or more decades ago. Notably, one of the topical areas in which education there is at its relative worst, is the matter of both general notions of human nature, and of what physical science ought to imply. Much of this moral and cultural degeneration in the U.S. has been a by-product of that "post-industrial" utopianism which has played a leading political role in fostering the self-destruction of the U.S. economy. Unless this is changed, recovery of the U.S. economy will be virtually impossible; the nation would be as doomed as the fabled Sodom and Gomorrah. On the other hand, it is clearly a leading responsibility of education to reverse precisely that trend in cultural conditioning.

More broadly, the most urgent topics of a dialogue of cultures, presently, is to promote those notions of human nature and mission without which the avoidance of a planet-wide new dark age would not be possible. Those topics are what has been reflected in this report. Those notions of physical-economy, and of the notions of human nature and truthful knowledge upon which successful cooperation in economic development among nations were made feasible.

The conception of relative prices, or indexes, should be defined from that point of view. The object again, is not the folly of seeking a perfect price, but a good price, one consistent with the mission-objectives to be agreed upon.

World Leaders Ignore Russian Shift at Their Peril

by Rachel Douglas

Political shocks from the weekend of Aug. 12-13, when the nuclear submarine *Kursk* went down in the Barents Sea, continue to reverberate in Russia. But, the world at large has not accepted the reality of how the process, which Lyndon LaRouche diagnosed and warned about in his “Storm Over Asia” video briefing of October 1999, did lead to an incident that could have meant a thermonuclear exchange between Russia and the United States.

Nor would one know, from the press and would-be strategists in the West, who present the latest events in Russia as a string of discrete disasters — the bomb blast that killed a dozen people in central Moscow, the sinking of the *Kursk*, and the burning of the Ostankino television tower on Aug. 26-27 — that shifts of great import are under way, albeit not certain in their outcome, in crucial policy areas in Russia. They are a response to the battering of the country’s very basis for national security.

In “Storm Over Asia,” LaRouche said that a mercenary force of British origin was threatening China and India, the world’s two largest nations. “Iran is also threatened; but, more notably, Russia,” he warned. “If these nations are pushed to the wall by a continuing escalation of a war which is modelled on the wars which the British ran against Russia, China, and so forth, during the Nineteenth Century and early Twentieth Century, this will lead to the point that Russia has to make the decision to accept the disintegration of Russia as a nation, or to resort to the means it has, to exact terrible penalties on those who are attacking it, going closer and closer to the source, the forces behind the mercenaries — which includes, of course, Turkey, which is a prime NATO asset being used as a cover for much of this mercenary operation in the North Caucasus and in Central Asia.” (See *Strategic Studies* section

in this issue and video ad on the back cover.)

Any such confrontation with Russia is of global strategic dimensions, LaRouche explained: “The weapons the Russians have, are no longer the large armies, the capabilities we thought of under the old Ogarkov Plan of the 1980s. Those vast armies are dissipated, weakened. Russia is ruined almost, by a vast economic destruction, caused by IMF [International Monetary Fund] policies, and related policies. But Russia still has an arsenal, an arsenal of advanced weapons, and laboratories which can match the weaponry — most advanced weaponry — being developed in the United States, Israel, Britain, and elsewhere.

“If Russia is pushed to the wall, or decides to disintegrate willfully, or fight back, the likely thing is, it will fight back. It will use the weapons it has. It does not have the weapons to win a war, but it has the weapons sufficient to impose a powerful, deadly deterrent on the nations behind the mercenary forces which are presently attacking it. There lies the danger.

“Unfortunately, most people in the United States are living under the delusion, that with the collapse of the Soviet Union, the combined military power of the United States and its British Commonwealth allies . . . , these Anglo-American forces, are so powerful, that they can ignore the United Nations Security Council, and conduct wars on their own, with impunity.”

The Russian Nationalist Reaction

In the pages that follow, *EIR* continues from last week’s issue our dossier of Russian statements, largely blacked out of the international press. They include an analysis of the *Kursk* incident, attributed to Russian military intelligence and

situating the ship's sinking in the framework of a global showdown between nuclear superpowers. On the political side, we have the voices of a profound Russian nationalist response to the sinking of the *Kursk*, not only in and of itself, but as an inflection point in a decade-long assault on Russia's dignity as a nation and its ability to survive.

The 18 authors of the statement "In the Hour of Trouble," represent the "left-patriotic" tendency, which was the main opposition force in the Yeltsin years. The former Communist Party Presidential candidate, Gennadi Zyuganov, was a signer. But the anger they express, and the national pride in Russia's ability to come back from the brink of extinction, are the same that President Vladimir Putin addressed in the population, with his televised interview on Aug. 23 (*EIR*, Sept. 1, p. 28).

In the United States, we recognize a "Pearl Harbor Effect," as when Franklin Delano Roosevelt mobilized the nation after the Japanese bombing of the naval base in Hawaii. There are many such reference points in Russian cultural and political history, as the Statement of the Eighteen recalls, of which the most recent was the "Barbarossa Reflex." When the invading armies of Hitler's Operation Barbarossa had swept through the Soviet Union to the gates of Moscow, and to Stalingrad on the lower Volga, the Communist leader Stalin joined with the Russian Orthodox Church and the Red Army generals, to rally the nation under the slogan "Not One Step Back!"—this far, and no farther.

Whether a "Barbarossa Reflex," after the sustained assault on Russian nationhood by Western-backed economic looting and geopolitical schemes, leads to a confrontationist posture and generates still more crisis moments like the weekend of Aug. 12-13, or if a Russian fight for national survival and sovereignty finds partnership with other nations so engaged, depends on the quality of leadership in other countries, especially the United States.

Economic Strategy

Some of our sources in Moscow express concern, that President Putin might squander the present moment of shock, rather than making the decisive break in economic policy that a revival of Russia would require. An intense fight over industrial and investment policy is shaping up, going far beyond the demand for increased defense spending in 2001, which has come from the Communist Party and from former Prime Minister Yevgeni Primakov's Fatherland-All Russia alliance.

On Aug. 28, after the Ostankino TV tower fire was extinguished, President Putin proclaimed, "This new emergency shows what condition our most vital facilities, and the country as a whole, are in. Only economic development will allow us to avoid such calamities in the future."

Putin had spent much of Aug. 16, in the middle of the *Kursk* crisis, in sessions with the leadership of the Russian Academy of Sciences, Security Council Secretary Sergei Iva-

nov, and Deputy Prime Minister Ilya Klebanov, who handles defense industries. In planning the formation of a new Science Council, Putin spoke to the meeting about the decisive role of the Academy and other drastically underfunded science centers, "for industry, defense, and the national security."

Zyuganov, in a message dated Aug. 25, called on Putin to launch "an extraordinary national salvation program," by convening a state assembly of the President, his cabinet, both houses of Parliament, and prominent scientists and experts, to discuss a package of emergency measures. These measures would deal with "the terrifying, horrible, and criminal conditions, already a decade old in Russian society, which is being destroyed under slogans of democratization and market reforms."

A more elaborated Strategy for National Industrial Development was circulated at the end of August by Yuri Maslyukov, the industry expert, who was the last head of the Soviet Gosplan, served as First Deputy Prime Minister in the Primakov government (1998-99), and currently chairs the State Duma's (lower house of parliament) Committee on Industry, Construction, and Science-Intensive Technologies. A member of the Communist Party, Maslyukov has often voted independently of the CP group in the Duma, and is well respected in government as well as parliamentary circles. His thinking has come into renewed prominence, in the context of the increasingly intense discussions within the Russian government, as well as the Duma, about the national security requirement for measures to revive the real sector of the economy.

Maslyukov's memo was issued after hearings he convened, to launch what the Pravda.ru press service called "serious discussion about an economic program, which would be an alternative to the well-known program of German Gref"—the Minister of Trade and Economy, whose tome on a ten-year perspective of monetarist maneuvers and deregulation was presented to Putin earlier this year. Maslyukov's point of departure is, that if the government talks about "GDP growth of 5-10% per annum," it must distinguish between growth merely of the financial sector, which is caused (in the whole world, not just Russia, he points out) by pumping up a "financial bubble," and "the development of the real sector, industry first and foremost."

Putin has not endorsed the proposals of Maslyukov or Zyuganov, but agreement that real industry needs more than lip service came from Prime Minister Mikhail Kasyanov in an Aug. 28 interview with *Vremya Novosti*. Reporting on Russia's attempts to restructure its "Paris Club" (Soviet-era state-to-state loans) debt, Kasyanov said that, "of course, we can make an effort and pay \$4 billion" next year. "But, in my opinion, this would be wrong." The Premier noted that "we hear from the State Duma: 'Once again we have a debt budget [for 2001]; the country should not spend more than 30% of its revenue on debt service.' We also believe that this is wrong."

In that interview, Kasyanov stated that "banking reform is the key element of the entire reform." For one of his banking

policy preferences, Kasyanov was attacked Aug. 30 in the *Moscow Times*, by Media-Most journalist Yulia Latynina. She complained that Kasyanov has brought to life a project that Primakov as Prime Minister and Maslyukov as his deputy, promoted. That is the Russian Development Bank, which Kasyanov has now shepherded into existence. It was licensed on July 21 and will receive 5 billion rubles (\$180 million) in the 2001 budget.

Documentation

Statement of the Eighteen

Communist Party leader and former Presidential candidate Gennadi Zyuganov, State Duma Economic Policy Committee Chairman Sergei Glazyev, Academician Gennadi Osipov, and the Soviet Navy Commander in Chief in the 1980s, Adm. V.N. Chernavin, were among 18 prominent political leaders who issued an appeal on Aug. 22, for a mobilization to save Russia from destruction in war—a war in which, they say, the sinking of the Kursk was one battle. The statement, titled “In the Hour of Trouble,” came out on the eve of the national day of mourning for the Kursk crew, Aug. 23. The appeal of the 18 representatives of what is known as the “left-patriotic” tendency, gives some sense of the profound response inside Russia, to the sinking of the Kursk. Signers included writers, journalists, retired military men, two regional officials, two industrial managers, a space scientist, and a high-ranking monk of the Russian Orthodox Church:

In these tragic days for our Motherland, as the nation grieves for the loss of the *Kursk*, the best ship in the Northern Fleet, and the grief of the mothers and fathers, wives and children, who lost their dearest and most beloved ones in the sea deep, has become the grief of every family in Russia—in these days of mourning and prayerful remembrance, we are very clearly aware of the magnitude of the trouble, into which Russia has been plunged. Great is the scope of the war, which our people have been fighting for a decade, losing 1 million of our population each year, and leaving on the battlefield burning cities, blown-up apartment buildings, crashed airplanes, sunken ships, and devastated, depopulated regions, as well as countless graves of our compatriots. The 118 sailors, these best and most honorable men, who perished in the iron box of this ship, were participants in the war, which the country is waging for the right to call itself Russia, to control the territory between three oceans, to speak its native language, to worship its holy things, and to honor its heroes and forebears.

It was not any accident with the ship’s equipment, nor a miscalculation by the crew, that caused her death. She went down in the battle, which the people, and Russian statehood, are waging today, trying with their last strength to put ships

out to sea and squadrons in the air, to pump oil and natural gas, to heat the houses, educate the children, nurse the orphans, and to keep faith in its sovereignty and inviolability, and in the inevitable Russian Victory. The havoc, which the enemy has wrought in our homes, in our ministries and staffs, and in our minds and hearts, is comparable with the darkest and most hellish deeds in Russian history, and with the most merciless and lethal invasions. This enemy, feigning itself “reformer” and “benefactor,” has been doing conscious evil for ten years, preying upon Russia, withering our health and will, taking our last money and bread, and condemning us to spiritual paralysis and despair.

The mystery of the loss of the *Kursk* has not yet been solved, but within it is hidden, as if inside a “black box,” the terrible fact, that it is Russia that was rammed.

The loss of the *Kursk* is an awesome and tragic occasion, to think through this moment of current history, not to fall into disconsolate grief and panic, but to exhibit the will and concentration, which were always characteristic of Russians, when defeats brought them to the edge of the abyss. Thus, after the defeat of Igor’s Campaign, there was the sacred Victory at Kulikovo Field. After the treason of the boyars and the Polish orgies in the Kremlin, came the victorious host of Minin and Pozharsky. After Peter’s defeat at Narva, his brilliant Poltava. After Borodino and the burning of Moscow—Russian standards on the Champs Elysées. The sinking of our squadron at Tsushima gave birth to the immortal feat of the *Varyag*. The brutal defeats of the Red Army at Kiev and Smolensk, led to victory at Moscow, Stalingrad, and Kursk, and to the red flag over Berlin. The heroic death of the Sixth Airborne in Argun Gorge made that company a sacred one, and armed the Army with a luminous, triumphant force. The loss of the *Kursk* will not divide or weaken us, but will unite and consolidate us, and will help to overcome the schism within the people, which reigns when the clever enemy splinters us into groups, pounds us into powder and meal. The people will answer the tragedy in the Barents Sea and the *Kursk* sailors’ feat of martyrdom, with unity and steadfastness.

Many in the country had hopes: that after the insanities of “perestroika,” after the bankruptcy of “liberal reforms,” the leadership, which has made declarations about the State, about Russia, and about the Motherland, would not revel at gaudy rituals in restored Tsarist palaces. Many wanted to believe, that those in power would reject the insane economic policy, which destroyed the Soviet Union, and is now finishing off Russia, depriving the people of their last kopeks, bringing our giant factories to a halt, and making it impossible for the country to have doctors or deep-sea divers, and to keep either submarines or whole scientific schools afloat. We demand that the leadership, learning from the present bitter loss, not begin anew the previous ruinous policy of “radical liberalism,” disgusting and ridiculous as it is, but rather mobilize the remains of our national resources, the remains of our fi-

nances and productive forces, and economic and political will. We shall fight for our people, having gathered the resources of our state into one, spiritually mobilized and united, to win the battle for a Russian 21st Century.

We are convinced that there will be a response to this mobilizing impulse—from the heroic Navy of Russia, which will not quit the expanses of the World Ocean. From the brave Russian Army, finishing off the terrorists in Chechnya. From science, which preserves the greatest discoveries of our time in its laboratories with the power cut off. From patriotic culture, never tired of preaching the Good, Love, and Mercy. From the Church, lighting holy lamps over the graves of our heroes, and praying for all who care for the salvation of Russia.

We know that the tragedy of the *Kursk*, the tears of the living and the holy martyrdom of those who died, will unite us into an invincible people. And that a new nuclear-powered *Kursk*, its construction funded by the people's savings as was done in the times of great troubles, will put out to sea. Into the great ocean of the history of our Fatherland.

Zyuganov's 'National Salvation Program'

Sent to President Putin on Aug. 25, the main points of Communist Party leader Gennadi Zyuganov's platform were summarized by Interfax.

1. To qualitatively change budget-making procedures. To use every possibility to radically increase the budget, primarily through the restoration of government control over leading companies taken away through unlawful privatization. To nationalize the country's natural resources and make them public property.

2. To significantly raise funding levels for science, education, and health protection. To earmark the necessary means for the armed forces and all institutions responsible for the security of both the nation and its people.

3. To tighten executive discipline. To create a full-fledged system of public and government control. To give the Federal Assembly powers to control the enforcement of the law and to conduct parliamentary investigations. To create conditions for the effective efforts of the judicial system, prosecutor's offices, and law-enforcement agencies to protect the rights and liberties of the individual.

4. To strengthen the economic and intellectual foundations of the state. To guarantee true freedom of speech. To stop the anti-state propaganda dominating national TV and radio. To guarantee free comparison of all points of view and unbiased coverage of news and events. To set up supervisory councils in the government-owned media outlets for this purpose.

5. To mercilessly suppress separatist and terrorist forces. To resolutely stop the implementation of a strategy of tension aimed at creating an atmosphere of lawlessness, fear, and apathy and the destruction of the foundations of the state system and morals.

End 'Beggarly Conditions' for the Armed Forces

The respected Russian economist Stanislav Menshikov published the article "Playing with Defense Money Led to Kursk Disaster," in the Moscow Tribune of Aug. 25.

While the immediate causes of the Kursk submarine disaster are probably technical, or results of human error or sabotage of some sort, the larger and more important lesson is that Russia has not been spending enough money and resources on maintaining its defense capacity in an adequate condition. The Northern Fleet . . . reports that so far it has been receiving less than 10% of its funding requirements. . . . Under such conditions tragic incidents such as the one that happened are bound to happen and it is sheer luck that they have not occurred more often.

Beggarly conditions are not peculiar to the Northern Fleet, but are shared by the armed forces in general. . . . Another result is the current pressure to scrap most of the nation's nuclear arsenal, eliminate ground anti-aircraft defenses, and

France's Védrine: Putin Passed a Difficult Test

French Foreign Minister Hubert Védrine presented his insights into President Vladimir Putin's handling of the *Kursk* crisis, during an interview on Aug. 29 with Europe 1 radio. He rejected the idea that Putin had waited a too long before requesting Western help because of his "mistrust" of the West. Given the limited information Putin had at that point, Védrine could only suggest that the Russian Navy did not communicate adequate information on the catastrophe to Putin with sufficient haste.

Europe 1 asked whether Putin was facing up to his first crisis as a leader, to which Védrine replied that Putin had done so. Again stating that his knowledge was limited, Védrine said, however, that his "intuition" was that Putin reacted "well and quickly" once he had all information in hand. Védrine continued, Putin spoke to the Russians, as no other leader had spoken to them before, acknowledging his portion of responsibility in the mishandling of the catastrophe, but, at the same time, counterattacking against the Russian oligarchs.

This entire affair, he said, is taking place in the midst of a struggle for power in Moscow: Putin has not yet asserted his power over the politicians, the military, the oligarchs, and the mafia, offering his evaluation that "this drama will be an episode in the establishment of real power for Putin." —*Christine Bierre*

after the *Kursk* catastrophe even demands to cancel plans to expand the nuclear submarine fleet.

It is useless to blame Mr. Putin for this sorry state of affairs, which he inherited from the Yeltsin Administration. Throughout the 1990s, rigid financial policies were actively strangling whatever remained of the military establishment after the initial Gaidar shock. The defense budget was sharply reduced, in line with the new concept of national security, but normally only half or less of these official budgetary appropriations were actually allocated to the armed forces by the Finance Ministry, particularly under Mr. Chubais. These policies were pursued by the same liberals who are today castigating the government and the President for inattention or worse toward the *Kursk* crew and the “useless” war in Chechnya. And who are also claiming (with support from foreign sympathizers) that Russia is not in a position to pay for the military posture of a great power and should further reduce its nuclear shield.

The Putin administration is rightly disregarding these claims. It seems to agree with the view that in a growing economy the nation can afford to spend more on defense and slowly mend the financial condition of its armed forces. Draft budget figures for 2001 suggest that the government intends to raise defense expenditure from this year’s 2.39% of GDP to 2.66%. . . . In real terms this entails a yearly boost of 17%. Nothing like this has happened before Putin, and it is certainly a step in the right direction.

But is this a genuine change of heart in the Finance Ministry, or is it simply playing the numbers game to satisfy the President and the defense establishment? According to Defense Minister Igor Sergeyev, the military are still getting less than half of the appropriated monies. How much will the military really receive in 2001? The numbers game can easily reduce the projected 52 billion rubles increase in the defense budget to zero if left out of public control. These issues have never been seriously raised and discussed in public, as they should have been. But it is they that underlie the fate of the nation’s submarines and their crews, rather than which official should be where at the time when a disaster happens.

It should be stressed that we are not advocating a resumption of the armaments race, but simply arguing in favor of allocating adequate resources for defense.

Collision Was the ‘Most Probable’ Cause

On Aug. 29, the website of the Russian weekly Zavtra, known for its ties to Russian military intelligence, posted an undated report, described as “a report on the course of the investigation of the loss of the nuclear submarine Kursk.” An editorial note described the document as having been received from “our friends in naval intelligence.” The authenticity of the report, or parts of it, has not been verified, but elements of it coincide with remarks made several days earlier by Russian Defense Minister Marshal Igor Sergeyev (noting three explo-

sions, not two, and calling a collision “the main theory” among ten being analyzed), and with accounts previously leaked through the daily Segodnya. The text of the report was published without commentary by Zavtra, and is translated here in full:

According to the available data, the current main version of the loss of the APRK [nuclear submarine missile cruiser] *Kursk* is this. The submarine sustained catastrophic damage as the result of the detonation of a portion of the ammunition in its forward torpedo compartment, which caused extensive destruction to the hull in the area of the first and second compartments and broke the hermetic seal of the bulkheads of the third and fourth compartments, leading to the rapid (within 110-120 seconds) sinking of the ship and the death of the crew.

The following main possible causes of such an explosion can be listed, through analysis.

Detonation of part of the ammunition (missiles and torpedoes, which are mounted on special racks) as a result of a mechanical impact. For example, a dynamic blow from a hard-hulled ship at a speed of over 40 kilometers per hour is capable of tearing these objects from their installations. Under these conditions, so could a collision with the sea bottom, caused by the loss of floatability, as a result of a command error or the rapid flooding of the forward compartments.

Detonation of part of the ammunition (missiles, torpedoes) by another explosion. This could be a direct hit on the APRK by a missile or torpedo in the region of the first compartment, with a subsequent shock wave impact on one or several of the warheads, mounted on racks along the side.

The explosion of one of the warheads by an applied charge, equivalent to 200-300 grams of TNT.

The detonation on board the APRK of free hydrogen, resulting from a leak in a battery, a fire, and the detonation of part of a weapon.

Available records from hydroacoustical instruments indicate that three explosions were recorded in the vicinity of the sinking of the APRK *Kursk*. The first, at 07:30 on Aug. 12, was small—the equivalent of 300 grams of TNT. The second, 145 seconds later, was very powerful—up to 1,700 kilograms of TNT equivalent. And the third, 45 minutes and 18 seconds later, was small—the equivalent of 400 grams of TNT. The first and second were identified with the location of the *Kursk*, with a margin of error of plus or minus 150 meters. The third was recorded at approximately 700-1,000 meters from the point, where the APRK *Kursk* is located.

Acoustical instruments also recorded a loud noise between the first and second explosions, which may be identified as the sound of water penetrating the hull.

The above-mentioned evidence allows us to conclude that there appears to be insufficient evidence, at present, for the version of the APRK *Kursk*’s being struck by a missile, an explosion of hydrogen, or a mine. The time interval between the first two explosions cannot be explained under

that scenario. The available evidence indicates that the probable cause of the detonation of a warhead in the first torpedo compartment could have been the collision of the APRK *Kursk* with the bottom of the Barents Sea, following the first explosion, at 07:30 on the morning of Aug. 12. The total absence of any attempts whatsoever by the crew of the submarine, during the subsequent 145 seconds, to activate any rescue equipment or emergency signals indicates that the submarine lost guidance within the first 10-20 seconds after the beginning of the catastrophe, which could have resulted only from the rapid total flooding (or burning) of the second compartment, where the command point is located, which has four levels and a total volume of 500 cubic meters. Such extensive destruction of the APRK by the small explosion, recorded at 07:30, is highly improbable. Calculations show that the strength of the submarine's hull and its reserve viability make it possible to maintain command of such ships, under conditions of one compartment being hit by a guided weapon, with a warhead having an explosive charge of up to 500 kg TNT equivalent. Therefore, this explosion should correctly be viewed not as the cause of the loss of the APRK *Kursk*, but as one of the symptoms of the unfolding catastrophe. According to data from the designers, such an explosion could have been caused by a mechanical blow to one of the high-pressure tanks, located between the outer skin and the hull in the region of the bulkhead between the first and second compartments.

In that case, the version of a collision between the APRK *Kursk* and an underwater object becomes the most probable.

According to radio intelligence data and acoustical scans, two U.S. nuclear submarines were present in the region where the Northern Fleet of the Russian Federation Navy was conducting maneuvers, from Aug. 7 through 12. One of them was a Los Angeles-class submarine, and the other is presumptively identified as a Sea Wolf. The Norwegian Navy's intelligence ship *Mariata* was also working the area, as were five Orion reconnaissance aircraft.

Almost immediately after the catastrophe with the APRK *Kursk*, the intelligence-gathering activity abruptly stopped, which is atypical of NATO naval operations in such situations, which customarily attempt to collect as much detailed information as possible, under such circumstances. Instead, it may be stated, that NATO naval forces were pulled out of the area of the exercises and withdrawn to bases in Norway. Then, less than two days after the APRK disaster, the United States offered to airlift its rescue equipment into the area of the disaster. Despite the Russian side's declining U.S. Navy participation in the rescue operation, a group of submarine specialists, with equipment, was transferred from their base at Norfolk (U.S.A.) to Great Britain, and thence to Norway.

Virtually immediately after the catastrophe with the APRK *Kursk*, the American nuclear submarines left the area of the exercises, but from that moment on, all information

ceased about one of the submarines that had been there. The *Ohio* [sic; it was the *Memphis*], a Los Angeles-class submarine, entered a base in Norway, where there was a change of crew. The location of the second, Sea Wolf-class submarine, has not yet been established. There is virtually no available evidence about it, from the moment the search and rescue operation began.

Calculations show that the strength (type of steel alloys, thickness of the hull) and construction features of some types of U.S. submarines (ice-breaking defenses, augmented speed) allow for contingencies, where the damage sustained in the event of a collision with an oncoming vessel, at a large angle of attack, relative to the axis of the ship being struck, would not be catastrophic for the ramming submarine.

In the situation of the APRK *Kursk*, the probable scenario is that the ramming submarine, effectively tearing into the cruiser where the first and second compartments adjoin, was "lifted" by it and pushed to the surface, which gave the crew time to organize a fight to survive, while simultaneously becoming an extra "load" on the damaged *Kursk*, accelerating the flooding of its damaged compartments and increasing the angle at which it sank.

All of this backs the version of the loss of the APRK *Kursk* as a result of a collision with a foreign nuclear submarine, as the main version.

GENOCIDE RUSSIA AND THE NEW WORLD ORDER



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Iraq: Ground for an 'October Surprise'?

by Hussein Al-Nadeem

In the last week of August, the American media were reporting on an imminent new crisis with Iraq, an "October Surprise" to occur within the context of the re-establishment of a new UN weapons-inspection team, the United Nations Monitoring, Verification, and Inspection Commission (Unmovic), which is preparing to go to Iraq to begin its "business" there. The Iraqi government announced in very clear terms, that it will not allow Unmovic into the country, because Iraq does not recognize UN Resolution 1284, which gave birth to this new team.

In this context, the U.S. Army made an extraordinary announcement that it has placed a Patriot missile air defense battery at the U.S. Army base in Frankfurt, Germany, on high alert, to be deployed to Israel in case of a "possible or perceived threat to Israel from Iraq." This report took everyone, including the Israelis, by surprise. This came one week after the release by the German intelligence agency BND, of a report stating that it had "discovered" an Iraqi factory producing "short- to medium-range" missiles.

Given the rhetoric of U.S. Presidential candidates Al Gore and George W. Bush (who have boasted of their intention to use military means to overthrow Saddam Hussein's government in Iraq), a new military standoff with Iraq prior to the November elections could become the theme of contest of the "two-headed monster," Gore and Bush.

Is this latest revelation that the Pentagon is readying Patriot anti-missile batteries for deployment to Israel, a move by Gore, who is desperate to boost his position in the polls? A recent commentary in the Israeli daily *Ha'aretz*, entitled "Who's Going To Be Surprised in October," citing discussions in Washington with senior military, intelligence, and political figures, reported that Gore could pressure President Clinton to create an Iraq crisis in order to boost his election prospects.

The author of the *Ha'aretz* story told *EIR*, according to his reading of the Patriot deployment, "Gore is signalling his moves. A lot of people are preparing October surprises." From his discussions in Washington, he found that, because many top officials in the U.S. State and Defense Departments are "not keen" on giving Gore such a boost, Gore and his backers couldn't launch a military operation against Iraq without a credible pretext, such as Iraq's refusal to "cooperate" with Unmovic, or a provocation on the Iraq-Kuwait border.

The reemergence of the issue of UN weapons inspections in Iraq is characteristic of the kind of pretext that could be pulled out of the hat to create a major confrontation. Hans Blix, the Swedish diplomat who was chosen by the UN Security Council to lead Unmovic, was ready to start his work. However, he was advised by the United States and other Security Council members to delay presenting his report, because they don't want a confrontation over Iraq when the world heads of state gather in New York in September for the UN General Assembly's Millennium Summit. Therefore, he has to wait until October-November.

Richard Butler, the Provocateur

The fact that the "rogue state" Iraq refuses to work with the weapons inspectors, has always been an easy pretext to stir up a major crisis prompting military operations against Iraq. The most outspoken person on this coming crisis is Richard Butler, former head of the UN Special Commission inspector's team. He recently told international press that "Iraq has reestablished its arsenal of weapons of mass destruction," and that Saddam Hussein "is about to challenge the world." He told the Italian daily *Corriere della Sera* recently, "If Saddam does not let them [the inspectors] in, we will have a very serious global crisis at hand." Butler, a former Australian agent now working for the New York Council on Foreign Relations, was the instrument used by Britain and the United States to launch Operation Desert Fox in 1998.

Although, the danger of military escalation against Iraq does exist, there are certain aspects of the strategic-political situation in the Middle East and the world that play a major role in determining the development and outcome of such a crisis.

Political and military facts on the ground in the region, work against the Anglo-American forces launching more than a repetition of the December 1998 devastating and useless air-bombardment campaign Operation Desert Fox. Furthermore, it led three other permanent members of the Security Council—Russia, China, and France—to closer cooperation with Iraq. So, one can ask: What would Gore benefit from a repetition of such an insane act? An attack against Iraq would even further provoke Russia, which is still exploring the possibility that the sinking of its submarine, the *Kursk*, was a hostile act committed by Britain or the United States.

In light of the great difficulty through which the Middle East peace process has gone recently, especially the stalled Palestinian-Israeli negotiations, a new operation against Iraq will detonate a popular revolt in the Arab countries, especially in the Palestinian West Bank and Gaza, and Jordan and Egypt. Under such circumstances, the peace process will come to a complete dead end. The question is, whether the Clinton Administration will attempt a positive October Surprise, on the basis of a breakthrough in the peace process, or will it be drawn into bloodshed, in an attempt to save Gore's sinking campaign?

Peru's Bust of Drugs-for-Guns Ring Alerts Region to 'Vietnam' Threat

by Valerie Rush

At an Aug. 21 press conference in Lima, Peruvian President Alberto Fujimori reported that his government — with the help of intelligence agencies from several countries — had just successfully dismantled a vast drugs-for-arms trafficking network which had been supplying narco-terrorists in neighboring Colombia. His description of thousands of assault rifles literally dropping into Colombia's convulsed south, directly into the hands of the narco-terrorist FARC guerrillas who are engaged in a full-scale war against that nation, has sent shock waves throughout a region already girding for the "spillover effect" of Colombia's war.

President Fujimori stated in his press conference that these revelations "must be taken in a positive sense, because we make them with the best intention of alerting the region to take security measures." He emphasized that this huge influx of weapons into the hands of the FARC terrorists means that, along with U.S.-sponsored efforts to promote a multinational military operation in the region — under cover of the Colombian government's purportedly anti-drug strategy, known as "Plan Colombia" — are creating the potential for detonating "a little Vietnam," with dire repercussions for the entire region. The three countries which border Colombia in the south — Ecuador, Peru, and Brazil — have already gone on full alert, and militarized their borders (see **Figure 1**).

As he spoke, Fujimori was flanked by his Defense and Interior ministers, as well as by the head of Peru's National Intelligence Service (SIN) and by top SIN adviser Vladimiro Montesinos, who headed the several-years-long investigation of the trafficking ring. Fujimori told reporters that the arms traffickers had used a "triangular" route originating in Amman, Jordan, where Russian-made Ilushin-72 airplanes were loaded with thousands of Kalashnikov assault rifles, with the complicity of several high-ranking Jordanian military officials, including a brigadier general whose name was given as Abdul Razak Abdullah.

From Jordan, the weapons were flown — via the Canary Islands and Guyana — to Iquitos, Peru (see **Figure 2**). However, before the planes landed in Peru, the rifles were dropped from 20,000 feet by parachute over Colombia, directly into the hands of waiting FARC terrorists. According to Fujimori, at least 10,000 weapons were delivered this way in three separate shipments, before the Peruvians moved in and brought the operation to a halt. There are indications, however, that

FIGURE 1
The FARC Weapons Air-Drop Route

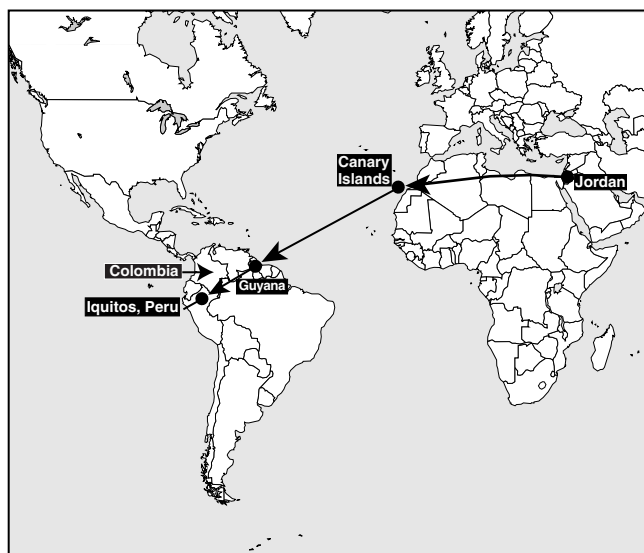


thousands more rifles were flooding into southern Colombia before Peru's authorities even began their probe in 1998.

In the Aug. 17 raid, several arrests were made, and a number of warrants were issued for the arrest of fugitives, of various nationalities, who have been identified as part of the smuggling network. It appears that the ringleaders — at least on the Peruvian side — are the multi-millionaire Aybar Cancho brothers, whose several companies, in Lima, Iquitos, and elsewhere, have served as fronts for drug smuggling and money laundering since at least 1995. In 1997, according

FIGURE 2

Arms Trafficking Route Supplying the FARC



to Peruvian intelligence sources cited by the Peruvian daily *Expreso*, the Colombian FARC turned to the Aybar Cancho brothers as their new weapons suppliers.

Although Fujimori did not publicly go into any details on a possible Russian side to this network, it is noteworthy that a report published by MSNBC back in April of this year, cited “high-level U.S. intelligence sources” identifying a drugs-for-guns smuggling network originating in Russia, and extending through Jordan and into Colombia. One source was quoted describing the trafficking operation as an “industry,” which threatened to overwhelm the Colombian government.

It comes as no surprise, therefore, to learn that the Aybar Cancho brothers have suspicious links to Russia. According to *Expreso* of Aug. 26, not only do the brothers have relatives who have lived and studied in Russia, but in 1998, they set up a company, known as the International Entertainment Corporation (Corpindes), with several Russian partners, one of whom, Vitor Ivachine, was arrested in the Aug. 17 raid. Ivachine has been identified by Peruvian state security agencies as a known arms trafficker, with extensive links to the Colombian drug cartels going back to 1990.

Through Corpindes, reports *Expreso*, the Aybar Cancho brothers and Ivachine brought arms traffickers into Peru under cover of “artists” and “performers.” In mid-1998, for example, Corpindes arranged for the Moscow Circus to come to Lima. Among the circus performers who came, says *Expreso*, were Russian arms smugglers, who met secretly with the Corpindes directors to arrange the elaborate smuggling routes leading to the first weapons drops over Colombia later that year.

The April report by MSNBC claimed that planes departed from Russia or Ukraine loaded with weapons, and stopped to refuel in Amman, Jordan—where corrupt officials allowed them to bypass usual customs checks—before heading on to Colombia and the FARC. *Expreso* of Aug. 28 cites reports prepared by Peru’s state security agency DINSE, more or less describing the same scenario. Both sources confirm that the FARC paid for its weapons with many tons of cocaine, which were sent back to Russia and Ukraine, on both ship and airplane, via Spain and Jordan.

Anti-Peru Tantrums

Instead of congratulating the Peruvian government for a job well done, the responses to Fujimori’s announcement from both Colombia and Jordan can only be characterized as tantrums. The drug mafia-corrupted Colombian government immediately attempted to undermine Peru’s achievement, by insisting that its intelligence services had been fully familiar with the FARC’s weapon supply network—down to the drop site locations and the number of weapons smuggled in!—and that Fujimori’s revelations were “nothing new.” The Colombian authorities even made the not very credible claim that they had shared that information with their Peruvian counterparts.

Fujimori was forced to call a second press conference on Aug. 23, in which he clarified that “Operation Siberia”—the name given to the Peruvian investigation of the weapons-smuggling ring—had been conducted in coordination with the intelligence communities of various countries, *with the exception of Colombia*, “because the information could leak out somehow.” Said Fujimori, “Thus, I lament that I must deny that there was shared participation [in the operation] with the Colombian government.” And Fujimori proceeded to ask the obvious question: “If the Colombian Defense Minister knew of these shipments, why did he not intercept a shipment as considerable as 10,000 Kalashnikov rifles? And if the triangulation was between Jordan, Colombia, and Peru, with the weapons left in Colombia en route, why did the Colombian Defense Ministry not inform us? We have absolutely not received a single note.” The next day, an official Colombian spokesman urged that “the polemic with President Fujimori be laid to rest.”

The answer to Fujimori’s embarrassing question was suggested by former Colombian Armed Forces Commander Gen. Harold Bedoya (ret.), who told Peruvian radio that Colombia’s failure to dismantle the supply network to the FARC is because this is “a group of drug traffickers and terrorists to whom the Colombian government has given political status.” Bedoya added that the news from Peru upset the policy of the government of Colombian President Andrés Pastrana, which is to eternally pursue “an absurd peace process [with the FARC], which respects neither sovereignty, nor freedom among Colombians, nor property.”

The Jordanian government’s response, in the meantime,

was to assert that thousands of Kalashnikov assault rifles had been sold to the Peruvian Armed Forces in 1998, in a completely legal transaction, and that culpability for their passage into the hands of the FARC terrorists therefore belonged entirely to Fujimori's government, and to Peru's ostensibly corrupt military. Colombian Armed Forces Commander General Tapias took Jordan's claim at face value, insisting that "Peru and Jordan should assume responsibility for the trafficking of 10,000 rifles to the FARC guerrillas," and for the deaths these have caused to innocent Colombians.

The Clinton Administration gave credence to this lie, when U.S. Undersecretary of Defense Thomas Pickering declared on Aug. 24 that "the Jordanians thought they were legally selling [the weapons] to . . . Peru, and that one way or another, they ended up in Colombia." The ambiguity of Pickering's statement was unforgivable, since U.S. intelligence knew the Jordanians were lying, given evident U.S. involvement in "Operation Siberia."

Of course, it took British expertise to turn this scenario into a genuine psychological warfare operation against Fujimori. The British news service Reuter "reported" in an Aug. 24 dispatch that Pickering had actually confirmed Jordan's claim that it had legally sold the weapons to Peru. Only later did Reuter admit to a "mis-quote," but the damage had already been done. The anti-Fujimori opposition in Peru, and media around the world, were already running with the original Reuter version, suggesting that perhaps the "mis-quote" had been intended for precisely such an effect.

Thus, Fujimori was suddenly presented to the world not only as a liar and fraud, but as a corrupt arms trafficker and collaborator with the FARC! Why this attempt to undercut Fujimori, and to tar his government's successful effort against the drugs-for-guns trafficking ring? For no other reason than the fact that Fujimori had proven that narco-terrorism can be successfully fought; because he had exposed the hypocrisy of President Pastrana's U.S.-backed appeasement policy toward the FARC; because he had laid bare international corruption in high places; and finally, because his revelations have set off continent-wide alarm bells over a potential "Vietnam" scenario in the region.

In the face of this latest attack on his government, Fujimori was forced to offer yet another press conference, at which he stated categorically that the Peruvian Armed Forces do not

possess a single Kalashnikov rifle, and that there has not been a single purchase of weapons from Jordan in the past 20 years. He was emphatic that "there has been no sale to the Armed Forces [of Peru]. If this had been our intent, authorized representatives would have been involved, and a technician or a lieutenant would not have gone to Jordan to buy 10,000 rifles. They were definitely arms traffickers." In response to Jordan's charge that Peru was responsible for not "controlling this irregular purchase," Fujimori retorted, "The seller should know whom he is selling to."

Border Vigilance Intensified

Fujimori's warnings that a dramatic increase in the flow of weapons into Colombia could lead to a region-wide conflagration, has been taken very seriously by the affected countries. Ecuador has already taken the majority of its troops who were patrolling the border with Peru, and has transferred them to its northern border with Colombia. Enrique Ayala, dean of the Andean University of Ecuador, pointed out that the "anti-drug" offensive slated to begin within the next few months in Colombia, will target the department of Putumayo, directly on Ecuador's border. This could mean a flood of 25,000 coca farmers into Ecuador, he warned, adding that Quito, the capital of Ecuador, is much closer to that Colombian war zone than Bogotá itself.

Peru, which has maintained a constant mobilization of its forces along the border with Colombia for more than a year, is girding for a punishing offensive from the FARC. Most dramatic has been Brazil's response to the situation, including setting up a crisis command center to defend its 1,640-kilometer border with Colombia. This operation, dubbed "Operation Cobra," will be directed out of Tabatinga, in the Amazon, which is just across the border from the city of Leticia, a known Colombian drug depot.

As we reported in "Mad Madeleine Pushes for War in South America" (*EIR*, Sept. 1, 2000), the Brazilian government is especially wary of efforts by the U.S. State Department to pull it into any multilateral "collective action" scenario against Colombia. During U.S. Secretary of State Madeleine Albright's Aug. 15-19 tour of South America, she made a point of seeking active endorsement from the countries she visited for a possible multilateral intervention into Colombia. She was unequivocally rejected by the Brazilians, who have a long history of guarding their own Amazon from would-be foreign invasions.

In his Aug. 21 press conference on Operation Siberia, President Fujimori took the opportunity to comment on Albright's deliberate slight against Peru during her tour the week before, over its supposed failure "to defend democracy." "The greatest support to regional security comes from Peru, the country she failed to visit," Fujimori said. "If Albright had come to Peru, she would have received this information first hand, precisely regarding regional security and preservation of democracy."

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Indonesia: Rebuilding the Republic

by Michael O. Billington

A new stage in the battle to rebuild the Indonesian nation was achieved in August, with the successful completion of the first annual legislative session of the People's Consultative Assembly (MPR) to take place since the historic elections in 1999. Despite the threat over the past months that President Abdurrahman Wahid's coalition partners might move to impeach him, or otherwise undermine his power, the President emerged from the session with a broad base of support. All the major political factions called for, and displayed through their actions, a new commitment to nationalism and unity, to defend the nation against the continuing severe economic and social crisis. However, President Wahid's announcement on Aug. 23, one week following the close of the MPR session, of a new Cabinet composed almost entirely of his closest allies, and excluding any major representation from his coalition partners, has provoked renewed attacks, foreign and domestic, which could exacerbate the already fragile situation in the world's fourth most populous nation.

Perhaps the most dramatic symbol of the changes taking place in Indonesia occurred on Aug. 17, the 55th anniversary of Indonesia's Declaration of Independence from colonial rule by the nation's first President, Sukarno. The current Vice President, Megawati Sukarnoputri, the daughter of Sukarno, assisted President Wahid in raising the first official flag of the Republic, which had been personally sewn by Megawati's mother, Fatmawati. The significance of this event was heightened by the fact that the flag had not been publicly used since 1968, when General Suharto, having bloodily crushed Sukarno's base of popular support and replaced him as President, removed the flag to his residence.

During the ceremony, President Wahid handed over to Sukarno's descendants the title to land and buildings in Bogor, which had been seized from Sukarno by General Suharto in 1967. Sukarno's request to be buried in Bogor had been denied by Suharto, at least in part in order to prevent the site from becoming a shrine to the deposed nationalist hero.

President Wahid's role in the ceremony was particularly poignant, due to the fact that he and his ancestors founded and ran the Nahdlatul Ulama, the mass-based Islamic organization whose membership composed a major portion of the mobs which were armed by the military in 1965 and 1966 and

turned loose to slaughter the mostly defenseless communists and others who had been Sukarno's base of support. President Wahid has already issued a formal apology for that black page of Indonesian history, and has proposed a "truth and reconciliation commission" to investigate the long-suppressed truth behind the entire period—an investigation which could potentially expose the British/American/Australian role in instigating and supporting the atrocities. The just-concluded MPR session has resolved to create just such a commission.

The Legislative Session

The renewed nationalism of the flag ceremony was also displayed by all major factions at the MPR itself. Despite the dramatic transformation in Indonesia following the overthrow of Suharto's New Order regime in 1998, and the first open elections in 1999, the major parties still represent the historical institutions of free Indonesia: Golkar, which was Suharto's party; the Indonesian Democratic Party of Struggle (PDI-P), the multi-ethnic party associated with the tradition of Sukarno and led by his daughter Megawati; the National Awakening Party (PKB), the party of President Wahid, built largely from the Islamic Nahdlatul Ulama; and a group of smaller Islamic parties representing various strains of orthodox Islam, whose most prominent leader is MPR Chairman Amien Rais, former head of the Islamic Muhammadiyah organization, and who nominally ran the student uprisings which precipitated the overthrow of Suharto.

These four factions came together at last year's MPR session to elect Wahid as President and Megawati as Vice President, with Golkar Chairman Akbar Tandjung becoming Speaker of the House of Representatives and Amien Rais becoming Chairman of the MPR. Indonesia's continued economic, ethnic, and separatist crises have fed dissension amongst them, to the point that impeachment proceedings were contemplated in some quarters.

However, in the week preceding the MPR session, the four leaders were brought together by the Sultan of Yogyakarta, one of the nation's most respected leaders, where they pledged to put the interests of the nation ahead of the factional power struggles, and to back Wahid's Presidency. Akbar Tandjung opened the MPR session with the declaration, "Nationalism is needed to reach the goal of independence, to uphold the unitary state." He called for Independence Day to be a "moment for introspection, to find wisdom. . . . Conscience is the eternal voice of truth and justice, which cannot be suppressed by anyone, and will always guide us in our struggle to achieve the ideals of the Proclamation [of Independence]."

Closing the session, Amien Rais (who had earlier publicly mooted the possibility of impeachment) called on everyone to work together to meet the crisis in the land, and evoked the memory of Sukarno: "During this critical moment, let us remember *Bung Karno's* [Father Sukarno's] teaching about

the nationalism of Indonesia.”

President Wahid, in an effort to bring about unity and collaboration, proposed dramatic changes in the structure of the Executive branch. “The delegation of works or tasks in implementing the technical daily jobs will be held by the Vice President [Megawati],” he said, while decision-making power would reside in a “group of four” composed of the President, the Vice President, and two Coordinating Ministers. A team of three Cabinet ministers, headed by Wahid’s close ally Susilo Bambang Yudhoyono, then Minister of Mines and Energy, were assigned to prepare a new, trimmed-down Cabinet. These proposals were received positively by the MPR.

At the MPR session itself, several surprising steps were taken, which frustrated the Anglo-American/Australian financial oligarchy and their numerous non-governmental organizations (NGOs), which spent the last two years attempting to destroy the last vestiges of influence of the Indonesian Armed Forces (TNI), and threatening to convene an “international tribunal” to try military leaders accused of human rights violations in East Timor, in particular. First, the MPR backtracked on its 1999 decision to end all TNI representation in the MPR by 2004 (the MPR is composed of the 500 elected members of the House of Representatives, plus 200 representatives of various social institutions of the nation, including 38 from the military). Instead, the deadline has been extended to 2009. Both Golkar and Megawati’s PDI-P, the two largest parties represented in the MPR, backed this decree, provoking calls of “betrayal” from the NGO nexus.

Also, an amendment to the 1945 Constitution was passed protecting human rights, which included the right to “live free from torture, slavery, and charges based on retroactive laws.” This has infuriated those who have planned to dismantle the military through staged trials against leading officers based on *ex post facto* human rights codes—a process being applied internationally to tear down the military, and the sovereignty, of nations threatening to resist International Monetary Fund financial dictates.

The other important development was the MPR’s decision *not* to act on several highly contentious issues. These included the question of direct elections of the Executive branch (the MPR now chooses the President and Vice President), and the application of Islamic law (*shariah*) for Muslims, supported by some of the Islamic parties, but opposed even by Amien Rais, the Nahdlatul Ulama, and Muhammadiyah. On a less positive note, the recurring reports that Indonesia may follow Malaysia’s lead in implementing currency controls was set back by a constitutional amendment strengthening the “independence” of the nation’s central bank, Bank Indonesia, a move in keeping with the current globalization orthodoxy of preventing sovereign political control over the economy.

Meanwhile, a successful cease-fire in the separatist conflict in oil-rich Aceh has been sustained, and the Christian/

Muslim bloodletting in the Malukus, with multiple international fingers stirring the pot, may have reached a turning point. On Aug. 17, some 3,000 Muslim and Christian local residents joined in Independence Day celebrations in the Malukus provincial capital, Ambon, under the national flag, which is emblazoned with the motto “Unity in Diversity.” The emotional event was highlighted by prayers for peace from two ten-year-olds, one of each faith.

‘Crony’ Cabinet?

The display of unity at the MPR was shaken the following week when President Wahid named his new Cabinet, on Aug. 23. Expectations that he would continue with a “rainbow coalition” of representatives of all the leading political factions (a policy which led to constant dissension and inaction within the administration over the past year), was shattered when the President’s appointments came almost entirely from among his own most trusted allies. The two Coordinating Ministers, who will be part of the “group of four” power structure, are to be Susilo Bambang Yudhoyono, a close ally of the President, for Political, Social, and Security Affairs, and Rizal Ramli, former head of the national logistics agency, Bulog, for Economic, Finance, and Industry Affairs. The critical ministries for telecommunications, industry, and regional affairs all went to retired Army generals, while defense went to a little-known university professor, who is an expert in constitutional law, and reportedly has military connections. The former Coordinating Minister for Economics, Kwik Kian Gie, a leading economist from Megawati’s PDI-P, was not included in the new Cabinet, while the post of Finance Minister went to Prajardi Praptosuharjo, a Wahid ally, who was denied an appointment to run a state bank, after twice failing a “fit and proper” test by Bank Indonesia.

Both the stock market and the currency, the rupiah, fell by 4-5% after the announcement, and rumors of Megawati’s possible resignation were circulating internationally after Amien Rais, the Sultan of Yogyakarta, and others met at Megawati’s residence. She has denied the rumors and asked media to squelch them.

Indonesia’s crucial role in the ten-member Association of Southeast Asian Nations makes it a primary target for destabilization by those intent on wrecking the momentum of the earlier May 6 Chiang Mai Initiative of the “ASEAN Plus Three,” referring to ASEAN’s “dialogue partners” China, Japan, and South Korea, which called for a united defense against global speculators and joint development policies. Its leaders are struggling to construct a viable republic against internal tensions, exploding after 32 years under authoritarian rule, and against an international financial oligarchy intent on destroying national sovereignty and imposing economic controls to feed the now-exploding bubble economy in the West. They deserve the world’s support in their historic endeavor.

Foreign-Backed Taliban Armies Threaten Central Asia

by Ramtanu Maitra

Reports of fresh fighting in mid-August between the Taliban militia and the Opposition Northern Alliance, under the command of Ahmed Shah Massoud, for possession of the city of Taloqan in northern Afghanistan, have spread fear in the Central Asian states.

The internal security of Tajikistan, which borders Afghanistan, has already been breached by the drug-traffickers and armed terrorists, who, according to the Central Asian leaders, are trained and armed by the ruling Taliban of Afghanistan.

The battle for Taloqan is important for both groups. The city is under the control of the Northern Alliance, but if it falls to the Taliban, it will provide the “religious militia” a free march to Kunduz in the north, and beyond to the Tajikistan border.

If the Taliban gains easy access to the borders of Tajikistan, drugs and arms will pour into Central Asia, and rebellious activities in the region will get a massive boost. And if that happens, Russians, Tajiks, Kyrgyz, Kazaks, and Uzbeks claim, a number of terrorist groups trying to unseat legitimate governments in Uzbekistan, Kyrgyzstan, and Tajikistan, in particular, will run rampant and destabilize the whole region.

In the Fergana Valley of Central Asia, where Tajikistan, Kyrgyzstan, and Uzbekistan meet, anti-government rebels, carrying the flag of Islamic *jihad* and a wallet full of drug money, are involved in guerrilla war against the conventional armed forces of these countries.

There are intelligence reports, mostly provided by Moscow, which say that about 2,000 such terrorists, and a few tons of narcotics, are ready to enter Tajikistan en route to the tri-junction of Uzbekistan, Tajikistan, and Kyrgyzstan and the lush and prized Fergana Valley.

As with most accusations made against them, the Taliban deny the whole of it. They do not admit that these terrorist groups, such as the Islamic Movement of Uzbekistan, have

camped inside Afghanistan. However, reports of camps training terrorists for operations in the Indian part of Kashmir, Chechnya in Russia, and Central Asia as well, are published routinely. Some of these come out in the media of such nations as Pakistan, where the Taliban are clearly supported.

At the July Group of Eight summit in Okinawa, Japan, Russian President Vladimir Putin made it a point to tell the other heads of states assembled there that Afghanistan has become a source of terrorism. In July, Russian Defense Minister Igor Sergeev warned the Taliban that if the government in Kabul continues to support Chechen rebels, Russia would seriously consider air strikes on Afghanistan.

The Bishkek Summit

At a hastily arranged summit in Bishkek, Kyrgyzstan on Aug. 20, the Presidents from Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan discussed their ongoing battle with “bandits,” as the guerrillas are called, that have entered the tri-junction area (see **Figure 1**) and have been waging war against government troops. In the joint statement that was issued, the Central Asian Presidents did not name Afghanistan as the source of “bandit formation,” but later, answering a reporter’s question, Uzbekistan President Islam Karimov said: “Afghanistan has become a training ground for terrorists. If the Afghans themselves were allowed to settle their problems, there would have been peace long ago. Geopolitical and strategic centers are continuing to add fuel to the fire of this war and the end is not in sight.”

President Karimov asserted that the Taliban get support not only from “friends next door” (a reference to Pakistan), but also from far away, and that he is not sure that peace will descend upon Afghanistan even if the Taliban take control of the whole country. He added that narco-money has provided the Taliban the flexibility to train Islamic militants from all over whose purpose in life is to spread their form of Islam far



Jimmy Carter's National Security Adviser Zbigniew Brzezinski's "Arc of Crisis" policy, to set Central and West Asia aflame with "Islamist" insurgencies in order to weaken the Soviet Union, perversely continues on auto-pilot today, threatening the Central Asian Republics. But this is now strengthening the hand of Russia's President Putin with the Central Asian leaders.

and beyond.

The problem President Karimov addressed is true. However, the isolation of the Taliban (only three countries recognize the Taliban regime: Pakistan, Saudi Arabia, and the United Arab Emirates) has further worsened the situation. The Taliban regime has allowed opium production to proliferate (see box, "Afghan Drugs: Gold for the Taliban"), drug-traffickers to have bases, and Islamic *jihadis* to train, arm, and launch campaigns from Afghan soil.

The Rise of the Taliban

The rise of the Taliban occurred at a time when anarchy and lawlessness had taken over Afghanistan, with guerrilla "mujahideen" armies which had been equipped by the CIA and British Special Air Services (SAS) with modern armaments to fight the Soviet Red Army. The Soviet Army had retreated in 1989, and everybody forgot Afghanistan and its people. At that time, too, drug trafficking was rampant and the traffickers had begun to build networks through Central Asia to get drugs out. However, few complaints were heard at the international level against those Afghan regimes, although they have done immense damage to the body politic of Afghanistan through internecine warfare and institutionalizing the illicit trafficking of narcotics.

In 1994, when Mullah Mohammad Omar, the Talib from Kandahar, seized that city (see article in this section, "What Are the Taliban?") and hanged two mujahideen commanders for raping women, Afghans came out from their homes and cheered. A large number of mujahideen commanders switched sides immediately and backed the Taliban. They did so, not because they guessed that the Taliban would be the "winners" in the fratricidal war, but because the degeneracy of the seven West-backed Pakistan-based mujahideen groups

had made them angry.

The Taliban of Mullah Mohammad Omar do not represent a totally new phenomenon. During the anti-Soviet *jihad*, they constituted one of the most important sources of recruitment for mujahideen in the tribal areas. They were particularly prominent in two mujahideen groups: the Harakat-e-Inqilabe-Islami of Maulvi Mohammad Nabi Muhammadi, and the breakaway faction of the Hizb-e-Islami under Maulvi Yunus Khalis.

Those resistance commanders who operated from within Afghanistan had only the loosest links to the seven groups; their affiliation to the mujahideen groups was only for cash and weapons, provided by the CIA, Pakistan, and many Islamic nations. How bad did the situation become?

Robert Kaplan, a veteran journalist, wrote this description in the August issue of the *Atlantic Monthly*: "Thus when the Soviet-backed Afghan regime collapsed in Kabul, the capital, in 1992, Afghanistan became a writhing nest of petty warlords who fought and negotiated with one another for small chunks of territory. Girls and young boys were raped and traded between commanders. The situation was especially bad in Kandahar. The road leading to it from Quetta [capital of Pakistan's Balochistan province] was shared by at least 20 factions, each of which put a chain across the road and demanded tolls."

At the beginning, those who supported the Taliban, and who later became justifiably angry and enemies of the Taliban, claim they were "deceived" by the Pakistani intelligence agents who were behind the movement and had begun to send their people into the Taliban meetings.

While Kaplan's observation of the scene on the ground is accurate, there is more to why the Taliban came to power with international backing.

To focus on any single event over the tumultuous decade

FIGURE 1

The Central Asian Cauldron



from 1979-89, as being a turning point in Afghanistan, would be presumptuous. Most Afghan kings did not have control over the whole nation, and historically, Afghan society had fallen into fratricidal warfare from time to time. Although names such as Ahmed Shah Durrani or King Amanullah may rally the Pushtoon — a Pushto-speaking ethnic group which is a large majority in the country — it would not inspire the other ethnic groups such as Tajiks, Uzbeks, or Hazara Shias.

The Soviet Invasion

Still, the Soviet invasion of Afghanistan is an important inflection point. The resistance against the Soviet invasion, resistance armed and directed by Pakistan as well as Anglo-

American agencies, created the sweep of the Taliban through Afghanistan’s 12 million people.

When the Soviet Army marched into Afghanistan on Dec. 24, 1979, they did not fully realize how difficult the terrain is and how treacherous the roads would be. The other super-power, the United States, with full support from its Western allies, saw in it an opportunity to bleed the Russian bear. Pakistan’s relationship with the West had hit a rough spot when, in April 1979, President Mohammad Zia ul-Haq, an Islamic zealot, had the former Prime Minister Zulfikar Ali Bhutto hanged. But the Soviet invasion changed all that. Pakistan became a nation of pivotal import to the entire West and the Islamic nations. Overnight, the entire world, barring those

who were allies of the Soviet Union, adopted the mission of protecting “democracy” and “Islam” in Afghanistan. Pakistan became the conduit for all actions targeted to remove the Soviets from Afghanistan.

Quickly, Pakistan became the beneficiary of \$3.2 billion in economic and arms aid from the United States. This little *bakshish* (“thank you money”) was meant not only to forget and forgive President Zia-ul Haq for his obduracy, but also to ensure that Pakistan would play ball in Afghanistan.

As cash, arms, and fuel from the West and Saudi Arabia poured in, and heroin began to move out of the region toward the West, Pakistan’s Northwest Frontier Province, as it filled up with fleeing Afghan refugees, became the headquarters of the world’s premier non-communist intelligence communities—the CIA, British intelligence, and the Pakistani Inter-Services Intelligence (ISI) under Gen. Akhtar Abdurrahman. Arms-smuggling and drug networks were set up to augment the arms and money flow into Afghanistan to shore up the battling *jihadis* and also to corrupt and silence those who had qualms about various aspects of these operations. One of the seamier sides was the bringing in of convicted criminals from such Islamic nations as Egypt, Algeria, Morocco, and Sudan, among others, and their training with modern weapons in Pakistan to fight the Soviet troops.

Another important element was the theory, propagated by British Prof. Bernard Lewis and put into active policy form by President Carter’s National Security Adviser Zbigniew Brzezinski, to use “militant Islam” to cripple the Soviet Union. The Islamic Revolution in Iran in 1979 under Ruhollah Khomeini could not be exported beyond Iran’s geographical boundary, because Iran adheres to Shia Islam, whereas the majority in the nations of Central Asia, then a part of the Soviet Union, were Sunni Muslims. Brzezinski used the defense of Afghanistan to build up Sunni-based militant Islam. This, he argued, would be the cutting edge to dismantle the Soviet Union by creating an “Arc of Crisis” which would span from Iran to Myanmar, threatening the Soviet Union, China, and India.

Seven mujahideen groups were set up by the Pakistani ISI and U.S. intelligence in the Northwest Frontier Province to organize assaults on the Soviet troops. All these mujahideen groups got involved in the drug trade. Fake encounters were staged to “justify” to the taxpayers in the West that more money needed to be pumped into the Afghan cauldron. Propaganda in the Islamic countries and the West worked overtime to portray the “loyalty” and “nationalism” of these mujahideen groups when, in fact, moneymaking and drug-trafficking became increasingly the bottom line of their moral and political outlook.

Later, Vice President George Bush, whose earlier assignment as the head of the CIA provided him the vantage point from where he could exert overall control on the whole show, and Oliver North, took control of the drug money to push independent and unaccounted-for operations in South America without asking the U.S. taxpayers for additional

funds. This episode, which never fully saw the light of day because of the powerful people involved, came to be known as the Iran-Contra affair.

Why Taliban?

With the signing of the Geneva Agreement, which led to the withdrawal of the defeated Soviet troops in February 1989, a new dimension was added to the Afghan imbroglio. Kabul, and most of Afghanistan, were still under the Soviet-backed Najibullah regime. The mujahideen groups, still on their *jihad* to establish an “Islamic state,” began to fight each other for supremacy. The George Bush-Oliver North operations backed Gulbuddin Hekmatyar (see “What Are the Taliban?”), hoping to establish his control when the Najibullah regime collapsed. In August 1988, President Zia ul-Haq and his ISI chief, Gen. Akhtar Abdurrahman, were killed in a mysterious mid-air explosion inside Pakistan, and it seemed for a while that the West’s interest in Afghanistan would prevail. That ended in 1992, after the collapse of the Soviet Union and with the fall of the Najibullah regime. It became evident at that point, that Afghanistan had lost the strategic position it had previously enjoyed as a buffer state, first between the Russian and British empires, and then between the Soviet and U.S. blocs.

The period 1992-94 was one of untold misery in Afghanistan. Nonetheless, with the collapse of the Soviet Union, and Afghanistan no longer a buffer state, its borders were opened up for trade subject to the conflicting interest of regional forces.

This situation gave rise to a new group of international interests. These include international oil companies, Islamic movements based in the Middle East (particularly Saudi Arabia), the United Nations, including both its political department and humanitarian agencies, and non-governmental organizations, both Western and Islamic.

The state with the closest ties and strongest links to Afghanistan is Pakistan, and it is generally supported in its policy by Saudi Arabia and the Persian Gulf countries. On the one hand, the Pushtoon chauvinism across the border, and Pushtoon nationalism within Pakistan, posed a threat to Islamabad of a “Greater Pushtoonistan,” which would fight to take almost half of Pakistan’s present territory.

In addition, Pakistan’s extreme insecurity on its eastern border vis-à-vis India, a much larger and more powerful neighbor, made it obvious to Islamabad that in order to provide a secured border in the west, it must embrace Afghanistan. This would provide Pakistan strategic depth and access to the newly independent nations of Central Asia. Pushtoon rule with a religious overtone, the kind that the Taliban represent, became an instrument of Pakistani influence, rather than a security threat.

In the creation of the Pakistani Taliban, who, later, with the help of Pakistani soldiers in Taliban garb, helped Mullah Mohammad Omar to grab power in Kabul, two Pakistani generals contributed immensely. Former ISI chief Lt. Gen.

Hamid Gul, who is close to both the CIA and British intelligence, travelled extensively within Afghanistan to bring field commanders under the Taliban banner. Gen. Nasirullah Babar was a minister in Pakistani Prime Minister Benazir Bhutto-Zardari's Cabinet when she switched her support to the Taliban. In May 1997, Prime Minister Nawaz Sharif's Foreign Minister, Gohar Ayub Khan, son of Pakistan's military dictator in the 1960s, flew to the northern Afghan city of Mazar-e-Sharif immediately after the Taliban captured that city, recognized the Taliban government, and announced that all other nations should follow suit, as "the civil war is now over."

Also interested in Afghan affairs, is Iran. It was Iran's efforts which combined most of the Shia parties in Herat, Afghanistan to form the "Hizb-e-Wahadat" in 1988, and pressed for Wahadat's participation in international negotiations heretofore dominated by the Sunni parties supported by Pakistan, the United States, and Saudi Arabia. Today, Iran supports the anti-Taliban Northern Alliance. There are reports of arms supplied by Tehran to Ahmed Shah Massoud's Alliance in northern Afghanistan.

Saudi Arabia and the other Gulf countries appear to have continued to fund much of Pakistan's policy in Afghanistan through official and unofficial channels. Until mid-1998, Saudi Arabia supplied heavily subsidized fuel to the Taliban through Pakistan, in addition to providing general funding. It is likely that support for the Taliban also fits into the Saudis' "religious rivalry" with Iran and long-term strategic cooperation with Pakistan. Some Saudi companies and individuals have interests in the various pipeline proposals under consideration.

The Osama bin Laden Factor

Saudi support to the Taliban has waned since 1998, perhaps because of Riyadh's concern about Osama bin Laden. Osama bin Laden, the man U.S. intelligence considers the most dangerous terrorist in the world, is one of the sons of a wealthy Saudi construction magnate. Saudi sources remember him as an ordinary young man whose intense religiosity emerged when he grew fascinated with the ancient holy mosques of Mecca and Medina.

With the blessing of the CIA and Saudi intelligence, and the active hand of the Ikhwan-al-Muslimeen, an international support network was set up. The hub of this informal network was established in Peshawar, Pakistan in the early 1980s through the "makhtab al-khadamaat" (Office of the Services), headed by a Jordanian, Abdullah Aezam, who was a close associate of bin Laden.

Bin Laden, in turn, founded the Bayt ul-Ansaar (House of Volunteers)—a foundation that recruited and financed Arab volunteers willing to fight the Soviets in Afghanistan. Though the number of these Arabs (known as "Afghan Arabs") were very few compared to the other nationalities fighting in Afghanistan, these militants not only brought with them their brand of Islam, but also took back home their combat experience in the name of *jihad*. These militants who went back

home to Saudi Arabia are dreaded by Riyadh.

Bin Laden himself bankrolled Afghan mujahideen guerrillas fighting the Soviets through the 1980s. With the help of an Iraqi engineer, Mohammad Saad, bin Laden blasted massive tunnels into the Zazi mountains of Paktia province to establish the resistance's hospitals and arms dumps, and cut a mujahideen trail across the country to within 15 miles of Kabul. It is this Paktia "bunker" that the United States tried to hit on Aug. 20, 1998, when it launched a missile attack from the Arabian Sea. Throughout the 1980s and the 1990s, bin Laden forged a special relationship with the Pakistani ISI. A U.S.-based newspaper, *Pakistan Today*, reported in its July 23, 1999 issue that bin Laden had contributed 1 billion Pakistani rupees in support of Nawaz Sharif in the 1997 elections.

Bin Laden's organization, Al-Qaeda, is reportedly a loosely bound group, which includes his Arab followers and former "freedom fighters" who fought in Afghanistan. Al-Qaeda operatives have been accused of attacking American soldiers in Somalia, Yemen, and Saudi Arabia.

Afghan Drugs: Gold to the Taliban

by Ramtanu Maitra

In 1986, when the Soviet Red Army was struggling to gain control of Afghanistan, about 400 tons of opium were produced, accounting for almost 25% of the world's legal and illegal opium output. In 1999, a decade after the Red Army withdrew and seven years after the Soviet Union ceased to exist, Afghanistan, 70% under Taliban control, produced 4,600 tons of opium, accounting for 75% of the world's combined opium production. Furthermore, fully 97% of those 4,600 tons were produced in the areas under control of the Taliban "seekers of knowledge" (see **Table 1**).

There have been poppy fields in Afghanistan as far back as history can recall. Crimson poppies in the eastern part of Afghanistan, overflowing across the Durand Line into what

TABLE 1
Opium Production in Afghanistan
(Metric Tons)

Year	1986	1992	1996	1999
Afghanistan	400	640	1,230	4,600
World	159	3,389	4,100	7,300

Source: United Nations Drug Control Program.
1992 is the year that the Soviet Union ceased to exist.
1996 is the year that the Taliban got control of 70% of Afghanistan.
1999 is the year that opium production by the Taliban more than doubled.

were the Federally Administered Tribal Agencies (FATAs) of Pakistan, were there for all the travellers to the distant land to see. In Landi Kotal, the famed bazaar of drugs and arms on the Pakistan-Afghanistan border, mounds of opium could be seen. The drug was there when the British came in the 19th Century, and it is still there today.

But the opium explosion, which has crippled that part of Asia, and is steadily creeping upward into Central Asia to cripple it as well, occurred in the 1980s. Then, crimson poppies, producing dirty white opium, which gets converted and sold as powdery white heroin, provided the “cash” to fight the invading Soviets. Anyone, at least almost anyone, who was involved in that anti-Soviet crusade, has dipped into this precious cash to fight the Russians as well as to line his own pockets. Some, such as Sir George Bush, Oliver North, and other players in the Iran-Contra affair, were exposed, but most of them remain unknown.

Now, the Taliban is in control of virtually the entire poppy-growing area of Afghanistan. The drug is grown almost anywhere and everywhere. In 1997, for the first time, opium production was reported from northern provinces of Kunduz and Jawjan. The most prolific opium production is in the southeastern provinces of Helmand, Kandahar, and Ningerhar.

Ethnic Pushtoons, who dominate the Taliban rank and file, never used opium or heroin much, and they still do not use drugs. But, a lot of opium and heroin is making its way out eastward through Pakistan and northward through Central Asia. On Jan. 24, 1999, Commander of the Russian border troops in Tajikistan Lieutenant General Reznichenko told newsmen that along the Moskovsky and Pyandzh sections of the Tajik-Afghan border, several dozen tons of opium and two tons of pure heroin were stored, waiting to be taken into Tajikistan and then farther north on its way to Europe and beyond. Things have not gotten any better since General Reznichenko enlightened us. In fact, it has grown a lot worse. Narcotics has not only helped to fund old extremists groups, such as the Islamic Movement of Uzbekistan and the United Tajik Opposition, but also helped to launch new ones, such as the Islamic Movement of Tajikistan.

The drug’s reach does not confine itself to the so-called “bad guys,” but also involves those who are entrusted with the nation’s interest. It is not a secret, and it was spelled out recently in the Aug. 21 Bishkek summit where the Presidents of Uzbekistan, Kyrgyzstan, and Tajikistan had assembled to formulate policies to deal with growing terrorism and extremism in the area, that officials at a very high level in Tajikistan are benefitting from drug trafficking. An eyewitness in Dushanbe, the Tajik capital, told the author that he found the Russian soldiers wining and dining in the most expensive restaurants in the city and flaunting U.S. dollar bills.

Taliban money is also showing up elsewhere. There were reports of Taliban bank accounts full with money in Bangladesh, a Muslim-majority state, where the Taliban-type orthodox Islam is being spread. The money, which originated from

FIGURE 2
Poppy-Growing Areas in Central Asia



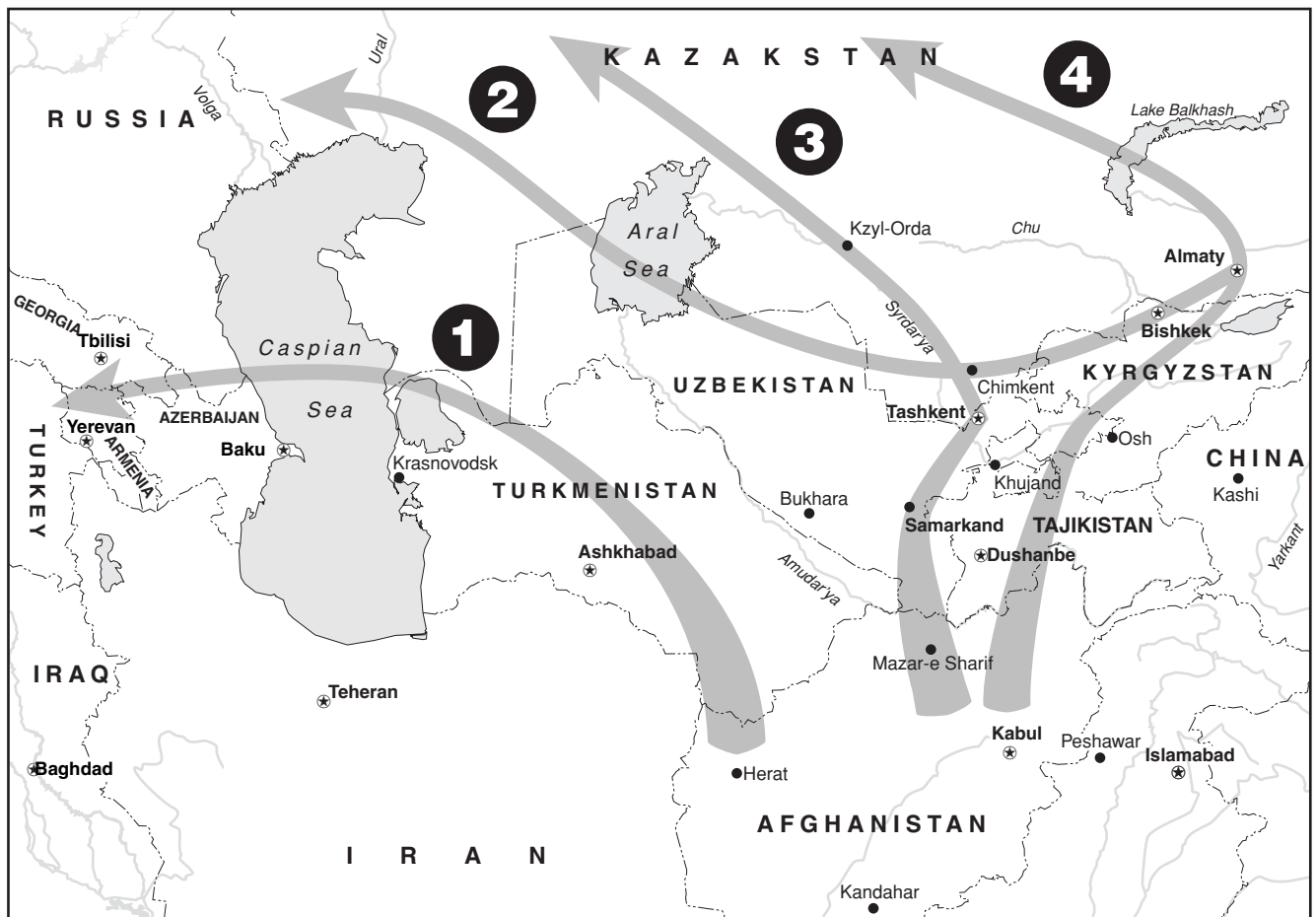
poppy fields, will be invested to train footsoldiers.

But, the Taliban drug operation has done worse. In Afghanistan, the Yemen-born Saudi terrorist Osama bin Laden is using the vast drug money to strengthen his *Al-Qaeda* (which means “military base”), and to train terrorists to fight against Russia in Chechnya and to even train Uighurs in Xinjiang province, China. Harkatul Mujahideen, based in Pakistan, hires mercenaries to carry out *jihad* in the Indian part of Kashmir. They, too, use the drug money generated in the Taliban-held part of Afghanistan. The Taliban trained and armed two other killer groups in Pakistan: the Sipah-e-Sahaba and Lashkar-e-Jhangvi. Both are Sunni groups, and like the Taliban, are involved in killing Shia Muslims. These outfits killed five Iranian officers in training by the Pakistan Air Force.

However, narcotics is like the genie out of the bottle. One never knows what harm it will cause next. In Pakistan, when the Soviet Army invaded Afghanistan in 1979, there were a handful of chronic users of heroin. Things changed quickly, though. As Pakistan leaped into the Afghan scene with arms and military expertise, and regional ambitions, the border

FIGURE 3

Opium and Heroin are Flowing out of Afghanistan/Central Asia into Europe and China



Route 1: Opium, mostly from Herat, Afghanistan to Turkey, for processing into heroin. **Route 2:** Heroin from northern Afghanistan and Tajikistan to western Europe through Estonia and Latvia. **Route 3:** Heroin from northern Afghanistan transported through Tashkent, Uzbekistan to western Europe, via Moscow and Tallinn, Estonia. This route feeds Chechnya as well. **Route 4:** Heroin from northern Afghanistan, Tajikistan, and Kazakhstan to western Europe via St. Petersburg.

between Afghanistan and Pakistan vanished. Along with million of Afghan refugees, drugs began to flow into the major Pakistani cities of Karachi, a port, and Lahore. In 1993, the last time a formal survey of drug addicts was carried out by the Pakistani authorities, it showed that 3.1 million Pakistanis were chronic users of drugs. The situation here, too, has gotten worse, and Pakistan has now perhaps the highest number of chronic heroin users on a per-capita basis of any country in the world.

Afghanistan is a dry country, where agriculture will always remain an extremely difficult proposition. The dry land, illiterate population, and an abysmal infrastructure do not spell hope. Monetarily, opium producers are way ahead of wheat producers (see **Table 2**). The Taliban have little interest in lifting this curse simply because it is the curse that got them

where they are now—in possession of 70% of a devastated country.

TABLE 2
Comparison between Wheat and Opium Revenues in Afghanistan

Year	Wheat Revenues from 5,000 m ² Land	Opium Revenues from 5,000 m ² Land
1986	\$52.75	\$1,050
1992	\$50.72	\$758.3
1996	\$85.0	\$955
1999	\$97.4	\$1,400

Source: United Nations Drug Control Program.

What Are the Taliban?

by Ramtanu Maitra

Taliban is a Persian plural of the Arabic word *Talib*, “seeker of knowledge”—a religious formulation. Being a Talib constitutes the first stage toward becoming a Mullah.

The base of today’s Taliban movement, which has a long historical background in the Afghan context, consists of a network of teachers and students from rural-based *madrassas*, schools where Islamic teachings are provided, in Afghanistan and the neighboring Pushtoon-dominated areas of Pakistan (Northwest Frontier Province). During the 1979 Soviet invasion of Afghanistan, millions of Afghans fled to Pakistan and at least a million moved into its Balochistan Province, where *madrassas* cropped up during the 1980s, and where Taliban were groomed.

The teachings of Mohammad Bin Abdulwahab, the founder of the Wahabi religious sect, which Saudi Arabia as a nation promulgates, date back to 1744, when Abdulwahab started teaching in exile in the sanctuary of Mohammad Bin Saud. Abdulwahab’s beliefs have a strong influence on the

present-day Taliban, which control 70% of Afghanistan.

The other important contributor to the Taliban is Mohammad Abed Hussain, who founded the *madrassa* of Deoband in 1837 in Saharanpur, in the Indian state of Uttar Pradesh. Similarly, the founding father of Ikhwan-al-Muslimeen, Hassan-ul-Bana, who was born in Cairo in 1877, and Sayed Jama-luddin Afghani, a prominent Afghan scholar, have had an input into the beliefs which form the core of today’s Afghan Taliban.

At the time of the Saur Revolution, which dismantled the Afghan royalty and laid the foundation for a communist regime in Afghanistan in 1979, there were about 10,000 Afghan Taliban studying at various prominent Islamic centers, from Mashhad in Iran to Baghdad in Iraq, to south of the Durand Line in the adjoining Pakistani provinces.

All along, the Taliban movement has attracted the Pushtoons more than any other ethnic group of Afghanistan, and it is for this reason that the present Afghan Taliban regime is wholly under Pushtoon control.

Today’s incarnation of the Taliban movement (the Islamic Movement of Taliban of Afghanistan) was formed in response to the degeneration of the Afghan mujahideen, organized and armed against the Soviet Union by the West and Islamic nations. The mujahideen leaders had become virtual warlords in the Afghan countryside, involved in extortion, abduction of women, and looting: A good example is Gulbuddin Hekmatyar, a highly educated, corrupt, and power-hungry leader who became the darling of the George



The current “Islamist” insurgencies in Central Asia stem from the 1980s Reagan-Bush CIA funding and arming of mujahideen groups to fight the Soviet invasion of Afghanistan. These Muslim students, shown at the University of Ohio, were organized around the cause in 1980.

Bush-Oliver North-Pakistani ISI (Inter-Services Intelligence) nexus.

The Taliban began to disassociate from the pillaging mujahideen groups in 1992, and in 1994 a group of *madrasa* teachers and students, led by Mullah Mohammad Omar, the strongman of today's Taliban regime, formed the Taliban movement and seized control of Kandahar City. Since then, the Taliban, instead of seeking knowledge, has

sought control of Afghanistan, and by 1998 came to take control of virtually the entire country by force of arms.

Foreign Elements

The state with the closest and strongest links to Afghanistan historically is Pakistan, the launching ground for pushing the invading Soviet Army back from Afghanistan, in what President Ronald Reagan called the "rollback policy."

Two Taliban Victims: Women, and the Drought-Stricken

This Spring, a mild to severe drought swept the entire Near East, from Syria to Afghanistan, and then to South Asia, into southern Pakistan and western India.

The drought in Afghanistan was severe. Almost a decade of scanty rainfall had dried up the land, leaving no pasture for the cattle to graze. As a result, cattle and people in southern, northern, and central Afghanistan suffered deeply, and the suffering is far from over. Thousands of livestock, mostly sheep, are dead, and hundreds of thousands of Afghans have had to leave their homes and head toward Pakistan. The normally lush Arghandab Valley in the north, famous for its bountiful grapes, apricots, and pomegranates, has dried up. The livelihood of about 1 million people is under threat in Kandahar Province alone, following the drying up of the reservoir behind the Dahla Dam.

UN agencies estimate that 1.8 to 2 million of Afghanistan's 12 million people could be uprooted by drought. Already, there are 1.2 million refugees in Pakistan, while Iran has another 1.4 million. If the Winter rain comes, it will not come before November.

Food Shortages

Most of Afghanistan's crop is lost, and shallow wells are going dry in the cities. Afghanistan faces a record wheat shortfall of 1.1 million tons. Pakistan has promised a million tons of wheat, which is yet to arrive, and in all likelihood, the promise will not be fully met. The United States has delivered 40,000 tons of wheat, which is only a fraction of the amount the country needs now and in the coming days. UN aid agencies have asked donors for \$67.8 million in emergency money, but because of the Taliban regime, less than 15% of the requested money has come to Afghanistan.

The Taliban militia is preoccupied with completing its conquest of the country and enforcing a puritanical in-

terpretation of Islam both within the country and abroad. It is evident that Kabul is keen to blame others for the misery of the Afghans in the villages, but has shown little or no interest in alleviating the misery. Kabul sent some trucks and helicopters to the worst drought-affected areas to evacuate families, but has no food to distribute.

As soon as the Taliban took power in Kandahar in 1994, the regime began to impose Islamic laws. The first target was women, who were forced to put on *burqa* (a black veil that covers a woman from head to foot like a tent, with a slit-like opening to see). Female students were told to stay home and not attend school. Women were forcibly taken out of taxis in Kabul and other cities because they did not have their male relatives with them, or picked up on the streets because the authorities thought they were prostitutes.

Next came the edict in July 2000, barring women from working for relief agencies inside Afghanistan, because the Taliban rulers think that the women might be spies. Taliban spokesman Abdul Hakeem Mujahid told Associated Press that the former Soviet Union had trained 35,000 Afghan women as KGB agents.

The Vice and Virtue Ministry, under Mohammad Turabi, a disabled veteran of Afghanistan's war against the Soviet Union, has ordered residents of Kabul to paint their windows black to prevent passers-by from looking at the women within. Turabi demands that male relatives must accompany women when they are outside the home. His religious police roam the streets of Kabul enforcing the edicts.

Hanging in the balance is the future of some 28,000 war widows, who make a living working in World Food Program bakeries. If the edict barring women from working for relief agencies is not rescinded, women in Afghanistan will face harder times.

In Kabul, the Taliban's harsh treatment of women has resulted in a dramatic rise in the number of women and children beggars in the capital. One UN report says that thousands of children were seen scavenging the streets of Kabul, while in the war-destroyed ruins of the city, women in *burqa* with outstretched hands ask for alms.

—Ramtanu Maitra

Throughout the 1980s, when the Soviets were trying to conquer Afghanistan, Pakistan was receiving huge amounts of money and arms from its anti-Soviet allies and was deeply involved in the *jihad* against the Soviet Union.

The Afghan Taliban derives much of its inspiration from the Deobandi movement in Pakistan. Virtually all of the Taliban leaders were refugees from Afghanistan for many years and studied in *madrassas* affiliated with one or another branch of the Deobandi political party of Maulvi Fazlur Rahman. Under Pakistani Prime Minister Benazir Bhutto's government, Maulvi Fazlur Rahman was chairman of the Foreign Affairs Commission of the National Assembly—the Pakistani parliament.

The second important figure in recent Taliban history is Maulana Samiul Haq, who runs two important *madrassas*, the Dar ul-Uloom Haqqania in the North West Frontier Province and the Jamia Uloom-ul-Islamiya in the Binori Town section of Karachi, Pakistan.

In 1994, when Mullah Mohammad Omar seized control of Kandahar City, busloads of Taliban went to Afghanistan from Rahman's Deobandi party. Then in May 1997, following Taliban's defeat of the opposition militia led by Ahmed Shah Massoud-led in northern Afghanistan, droves of Pakistani and Afghani students joined the Taliban militia from Maulan Samiul Haq's *madrassas*. Thousands of Pakistani Taliban thus joined the Afghan Taliban and fought for them.

Behind the facade of a religious movement, there were other elements. Long before the 1997 exodus of Taliban to Afghanistan, Pakistan's ISI had formed an alliance with the controllers of the *madrassas*. So, along with the Taliban, a large number of Pakistani soldiers, wearing the trademark white flowing robe of the Taliban, moved in to help the Afghan regime.

Money has also flowed in from Afghan, Pakistani, and Arab traders—many of whom are also involved in smuggling and the drug trade—based in Balochistan, Peshawar, Karachi, and in the distant United Arab Emirates.

Another group of "religious warriors" who came to help the Taliban were a large number from the Pushtoon army who fled Afghanistan following the takeover of Kabul by the Tajik-dominated coalition government of Burhanuddin Rabbani in 1992. These army personnel had been a steady source of intelligence to the Pakistani ISI against the Rabbani government and acted entirely on behalf of the ISI.

Afghanistan has some 20,000 villages and a large number of them have *madrassas*. These *madrassas* have created many Taliban. This group, in reality, has a very superficial understanding of the teachings and principles that the Deobandi School propagates. Nonetheless, they are the most resistant to Western civilization and have provided the foot soldiers for the Taliban movement in Afghanistan, both during the Soviet invasion and during the current consolidation of power by the Taliban regime.

All Roads Lead to the Fergana Valley

by Ramtanu Maitra

In late August, Kyrgyz President Askar Akayev, whose army is now battling the Islamic rebels who have infiltrated into the tri-junction area of Kyrgyzstan, Uzbekistan, and Tajikistan, told newsmen that the "bandits" are making their way to the Fergana Valley to set up a permanent base.

During a similar rebel attack on Uzbekistan and Kyrgyzstan last year, one of the major rebel groups, the Islamic Movement of Uzbekistan, told the British Broadcasting Corp. and the George Soros-owned Radio Free Europe/Radio Liberty, that their objective is to set up an independent Islamic state in the Fergana Valley.

In his June 25 keynote to the World Forum on Democracy in Warsaw, Soros, whose Open Society Foundation remains very active in Central Asia, called for an "international association of democracies" to be created, that should focus on backing insurrections in "Peru, Indonesia, and the Fergana Valley."

Back in 1992, when the Soviet Union ceased to exist and

FIGURE 4
Insurgents' Destination: The Fergana Valley



The tri-country junction where the rebels have challenged the government forces of Uzbekistan, Kyrgyzstan, and Tajikistan. Their objective is to set up an "Islamic state" in the Fergana Valley. Major Tajik rebel camps in northern Afghanistan are shown at 1 and 2.



International mega-speculator George Soros's Open Society Institute co-sponsored the World Forum on Democracy in Warsaw on June 25-27, where he called for an "international association of democracies" to promote insurgencies in such places as "Peru, Indonesia, and the Fergana Valley." Soros's idea of an "open society" encompasses free trade, looting raw materials, and legalizing drugs. He is the leading financier for drug-legalization efforts throughout the world, including for every statewide ballot initiative to legalize drugs in the United States. Here, he is shown promoting his new book The Crisis of Global Capitalism: Open Society Endangered, on Oct. 5, 1998.

new nations emerged in Central Asia, the late Israeli gun-trafficker and businessman, Shaul Eisenberg, bought a huge parcel of land in the valley, ostensibly to introduce the Israeli method of drip irrigation for growing agricultural produce.

Last year, the United Nations Development Program held seminars and proposed launching a development program for the Fergana Valley. The United Nations High Commission for Refugees is active in the area, and UNICEF has been active in the Uzbek part of the Fergana Valley since 1994.

The Organization for Security and Cooperation in Europe's Central Asian Liaison Office is active in the Uzbek part of the valley, and it provides courses and training seminars for non-governmental organizations and enhances contacts with similar bodies in the valley.

Fergana Valley's Mosaic

The Fergana Valley, once a singular historical, cultural, social, and economic unit under the Soviet Union, is now divided into three countries—Kyrgyzstan, Tajikistan, and Uzbekistan.

The valley subsumes two provinces of Kyrgyzstan—Osh and Jalalabad; three provinces of Uzbekistan—Andijan, Fergana, and Namangan; and the Leninabad province of Tajikistan. From the Kyrgyz mountains and foothills flows most of the water into Syr Darya, the most important river in Central Asia, and whose main water course drains the Fergana Basin.

Tajikistan's lands are situated in the western opening to the valley, where the Syr Darya emerges from the valley onto the desert steppe. But it is the Fergana territories of Uzbekistan which occupy the central part of the valley, where the bulk of the agricultural land, most of the major cities, and more than half of region's population are located.

The Fergana Valley's population is extremely diverse. Tajiks, Uzbeks, and Kyrgyz are scattered all over the valley. During the 19th Century, when the valley was first opened up under the Russian tsars, Russians, Tatars, Ukrainians, and groups from Chechnya and Ingushetia migrated into the area. Another influx occurred during Stalin's rule, when Meshket Turks, Germans, Crimeans, and Koreans were deported in the area in significant numbers.

The indigenous people, belonging to the Hanafi school of Sunni Islam, share Islam as a common religion. This is the same form of Islam practiced in Arab countries, Afghanistan, and Pakistan.

In addition, the valley, since it drains water into the Syr Darya River, is lush and has an enormous agricultural potential. According to experts, the Fergana Valley is the "agricultural heart of Central Asia." Lying at the nexus of South and Central Asia, Russia, and China, the valley is crucial in the revitalization of the legendary Silk Road—the trade and transport link between the Far East and Europe.

The area is also the most important route for transport of illegal drugs. Through it passes two-thirds of all Afghan drugs. Through Osh, Kyrgyzstan, according to local authorities, at least 100 kilograms of pure heroin pass northward into China and Europe every week. Central Asian leaders have pointed out that the Islamic groups, such as the Islamic Movement of Uzbekistan, the United Tajikistan Organization, and the newly formed Islamic Movement of Tajikistan, are in the fray to capture a part of the Fergana Valley in order to strengthen the drug routes.

Central Asian leaders, who are products of the Soviet system, believe that the drug mafia is being used by external forces to bring the Central Asian nations to their knees. This ongoing explosion of the drug trade, however, is posing a serious security threat to Russia, China, and India.

In addition, it is to be noted that the Fergana Valley has the potential to grow more opium than today's total world production. And on Wall Street and on the trading floors of Europe, heroin—in pure, smokable form—is becoming a drug of choice and a major form of drug abuse, posing another kind of security threat to Western nations.

Whose Policy Mistakes Really Underlie the Central Asian Crisis?

by Muriel Mirak-Weissbach

The Central Asian Republics are in the throes of an intensifying war against an “Islamist” insurgency, which threatens the territorial integrity, sovereignty, and stability of Uzbekistan, Tajikistan, Kyrgyzstan, Kazakstan, and Turkmenistan.

This renewed, and most dangerous, round of insurgency broke out in early August. It marks the opening of the final phase of the strategy pursued by the imperial British-run grouping known as the “Gang of Five”: the U.K., Australia, New Zealand, Canada, and their cohorts in the Wall Street financial oligarchy. This financial oligarchy is faced with the specter of its own demise, through the final collapse of its financial system. Rather than face the catastrophe by seeking solutions of reform, it is hysterically denying reality, and acting through sheer force to maintain political hegemony over a collapsing world.

The “Islamist” insurgency must be seen as a flank in a war—the war against Russia, over Central Asia. The troops in the war are deployed by the occupying forces in Afghanistan, known as the Taliban. The now-infamous Taliban are a New Dark Age insurgency, concocted and developed by the Anglo-American geopolitical circles, led by Bernard Lewis, Zbigniew Brzezinski, and others. The Taliban are being used as the warlord force, to destroy the nations of the region, and expand weapons- and drug-running operations throughout Eurasia.

From the standpoint of the financial oligarchy, wealth is the billions of dollars to be made in marketing heroin and opium. Wealth is also raw materials. Their thinking is, that once the nation-states of Central Asia have been broken, their devastated territories will be open to wholesale looting of raw materials and mineral resources, mediated through mercenary, warlord forces. It is their commitment to ensure that the governments and populations of Central Asia be denied control over their rich resources.

The “Islamist” insurgency is the final phase of the assault against the nation-states of Central Asia. To understand the shift into this phase, it is important to review the background to the fight for control over the region.

Democracy, IMF-Style

Initially, the strategy embraced by the Anglo-American oligarchy toward the Caucasus and Central Asia, was coher-

ent with the policy pursued vis-à-vis Russia and the formerly communist countries of eastern Europe. It aimed at dismantling the political structures of the former Soviet republics, and facilitating the introduction of comprador elements into government positions, who would organize the rape of raw materials and industrial and other resources. Ambitious pipeline projects were planned, with the promise of opening export channels, but in reality laying the basis for Anglo-American cartels to claim title to the vast oil and natural gas reserves.

The “good offices” of the International Monetary Fund (IMF) and World Bank, were to be utilized, to organize the privatization of state-controlled assets, especially raw materials. The IMF’s infamous “shock therapy” was to be imposed, to liberalize the economy, state subsidies were to be eliminated, protective tariffs cut, currencies rendered freely convertible (and appropriately devalued), and the “free market” would rule supreme.

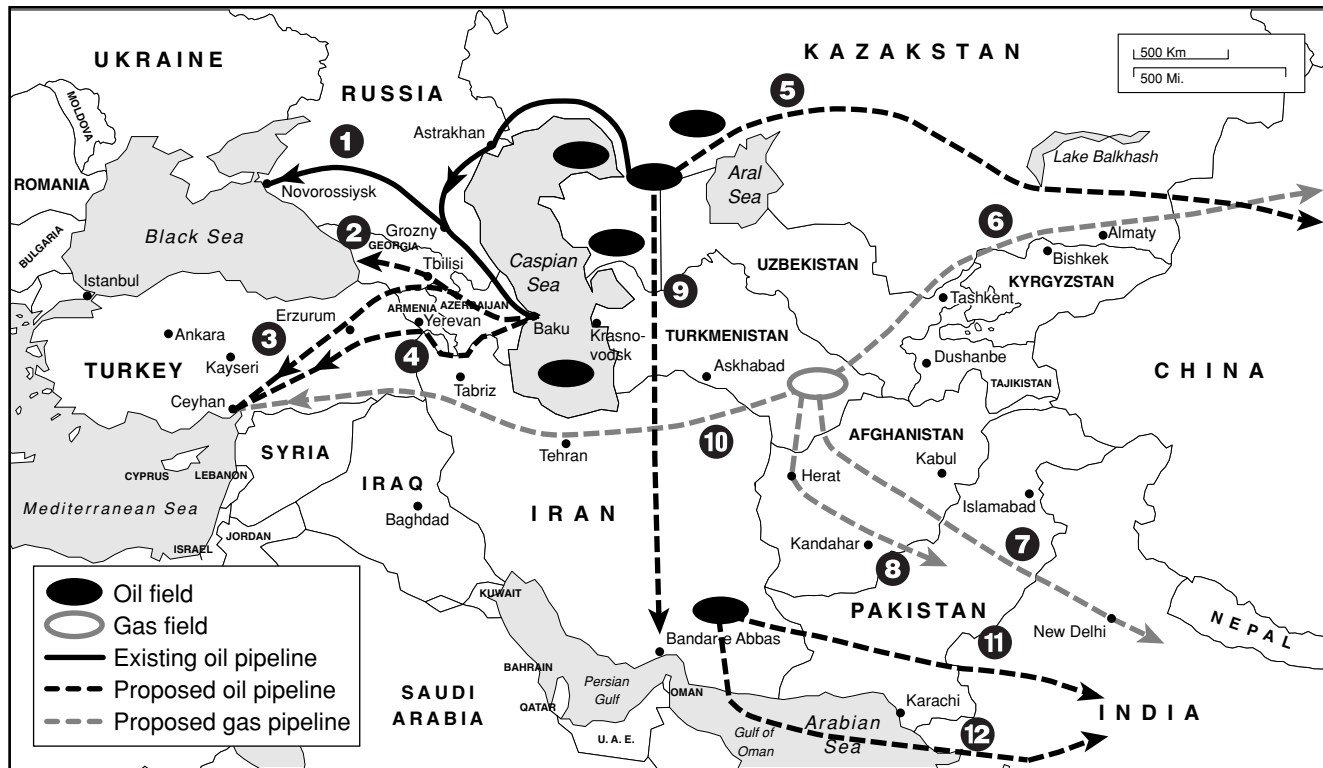
But in Central Asia, this did not work as planned.

Although initially, some Central Asian countries began to adopt the free-market mechanisms, a combination of factors intervened, to cause a shift in thinking. First, the eastern European and Russian economies, which had been given the shock-therapy treatment earlier, showed signs of rapid deterioration. In particular, the case of Russia was a warning. The once-industrialized power was being reduced rapidly to the status of a Third World country, living off raw materials exports alone. A tiny number of compradors got fabulously rich by organizing the privatization of Russia’s real economic wealth, while the masses were plunged into poverty and the national currency was devastated, as the August 1998 crisis demonstrated.

The nations of Central Asia had also been subjected to looting under the Soviet system; they had been forced to provide raw materials to Russia, and to organize farming along monoculture lines, whereby one country produced cotton, another produced wheat, and so forth. What the Central Asian governments sought, on independence, was the means to break from this form of exploitation; specifically, to find the means to diversify their export markets for raw materials, and to use the foreign exchange revenues for developing national economies. This meant modern infrastructure, in transportation, energy, water management, edu-

FIGURE 5

The Contesting Oil and Gas Pipelines



Key to Figure 5

Conflicting schemes of oil and gas development of the Caucasus and Central Asia express the fight for control. Anglo-American geopolitical strategy—most stridently advanced by Zbigniew Brzezinski—has sought to deprive Russia and Iran of influence over oil and gas pipeline projects, by insurgencies and ethnic conflict; and to woo Central Asian governments with promised pipelines to the West. During this year, however, the tables have been turned in the “Great Game.”

Line 1 is an existing oil pipeline to Novorossiysk, Russia, from the Baku, Azerbaijan, Caspian Sea oil fields and the Tengiz fields in Kazakhstan. A parallel Tengiz-to-Novorossiysk pipeline is now under construction, which the Chechen insurgency against Russia hoped to block.

Line 2 is a pipeline running through Azerbaijan and Georgia, to Georgia’s port of Supsa. In April 1999, oil began flowing through the reworked Baku-Supsa line, after the route through Grozny in Chechnya had been sabotaged by warfare.

Lines 3 and 4 are proposed, to pump Baku oil to Turkey’s Ceyhan port, bypassing Russia. Turkey and Georgia want a somewhat different route (not shown) to Ceyhan, spending \$3-4 billion to bypass Russia.

Line 5 is a pipeline to pump natural gas from the Tengiz field in Kazakhstan to Japan, via China. In 1997, China National Petroleum Corp. signed an agreement to carry Kazak oil to China across the formidable Tianshan Mountain range; this is

where the Uighur insurgency would threaten. In June 2000, delivery began of 50,000 tons of oil per month by rail, from Kazakhstan’s Kumkol field, to China.

Line 6 is proposed, with a protocol signed in 1999, for transport of natural gas from Turkmenistan, through the Central Asian republics, to China, South Korea, and Japan.

Line 7 would have pumped natural gas from Turkmenistan to Pakistan and India. But British, U.S., and Saudi interests have wanted Taliban control over Afghanistan to put the project through, and both Unocal and Russia’s Gazprom have now pulled out.

Lines 9 and 10 have been targets of intense Anglo-American sabotage. A tripartite agreement among Turkmenistan, Iran, and Turkey was signed in 1996, for a \$20 billion deal over 23 years, whereby Turkmenistan and Iran would supply Turkey with gas. In December 1997, a pipeline was opened by Iran and Turkmenistan for the flow of natural gas from Turkmenistan south to Iran.

To block this, the U.S. Trade Development Agency gave a grant announced by President Clinton, to study the feasibility of a gas pipeline under the Caspian Sea. This pipeline was hailed as a breakthrough, but collapsed without financing as the Iranian project made rapid progress. The Turkmenistan government declined to finalize arrangements, regardless of pressures from the United States, and Royal Dutch Shell and PSG shut their Baku offices down in June 2000.

cation, sanitation, and so forth.

Second, the celebrated pipeline deals promised by oil cartels from the West, aimed also at blocking cooperation with Iran and Russia, did not materialize. In their stead, other pipeline and transportation infrastructure projects came into being, through cooperative arrangements with Asian partners — Iran and China in particular, and Russia (see **Figure 5**).

Third, as pressures from the Anglo-Americans were exerted to “democratize,” liberal political elements allied themselves with Western operations, such as the Soros Open Society Institute, in order to utilize political freedoms in a subversive direction. At the same time, sovereignty was being threatened from the outside, in the form of the growing Taliban-linked insurgencies. And, the would-be champions of democracy in the United States and Britain, were organizing one atrocity after another, in the foreign policy realm, for example, the war in Kosovo. The bombing of the Chinese Embassy in Belgrade in May 1999, was an unequivocal attack on the very notion of national sovereignty, and the message was not lost on observers from Central Asia.

Madeleine Albright, Agent Provocateur

A crucial inflection point in these interrelated processes, was the trip that U.S. Secretary of State Madeleine Albright took to three Central Asian republics, on April 15-19 of this year. True to form, Albright attempted to dictate policies and to lecture governments on foreign relations. The net effect of her undiplomatic diplomacy, was to confirm the worst fears any of the host governments might have harbored, regarding Anglo-American intent, and to trigger a policy backlash, which was, in fact, against America’s true interests.

Kazakhstan was the first country on her tour, which also included Kyrgyzstan and Uzbekistan. To appreciate the impact of Albright’s intervention, it is important to take into consideration certain economic and political factors of its recent history.

The largest of the Central Asian nations, Kazakhstan also has the proportionately largest Russian population, with about 48% Kazaks and 34% Russians. President Nursultan Nazarbayev, who had served as First Secretary of the Soviet Communist Party, became President in December 1991, after independence. Through a referendum in 1995, Nazarbayev’s term was extended until the year 2000.

On Oct. 10, 1999, parliamentary elections took place in the presence of international observers, led by the Organization for Security and Cooperation in Europe (OSCE). One issue raised by the democratic watchdog committees, was the exclusion from the election of Akezhan Kazhegeldin, a former prime minister. It was Kazhegeldin who had led a massive privatization process, which involved the sell-off of a majority of industrial groups to foreign investors, often at fire-sale prices, and amid an aura of corruption. After a conflict with Nazarbayev, Kazhegeldin left the country. In 1997, he reappeared in Switzerland, then returned to head up an opposition party, the Kazakstan Republican People’s Party. In July 1999, he travelled with other opposition figures to the United States, where he was received in the House Committee on International Affairs. Shortly thereafter, the Kazak Ambassador to the United States reportedly expressed his concern to Rep. Tom Lantos (D-Calif.) that briefings in Congress on alleged violations of human rights, might be viewed as an intrigue against his country.

Following the imposition of free market reforms, and privatization, the Kazak economy suffered significantly, but began to turn around in 1997, when a marked increase in industrial production was achieved in basic sectors (iron-forging, iron ore, gas, oil, agriculture). With the departure of Kazhegeldin in Autumn 1997, the pace of privatization was slowed down considerably.

Emphasis on Infrastructure

The economic policy outlook of the government, was then elaborated in a document, “Kazakhstan 2030.” In it, President Nazarbayev stressed the “high standard of scientific and creative potential of the population,” the abundance of natural resources, and vast, arable lands, as among the advantages for the country’s strategic goal of effecting economic transformation to a modern industrial nation. He emphasized that the opportunities for the country stem from its geographical position, “along the legendary Silk Route,” which, he said, opened the way to a market of 2 billion people. In his concept of “Eurasianism,” Nazarbayev projected that Kazakhstan in 2030, “being the center of Eurasia, would play the part of a connecting link between the three rapidly growing regions — China, Russia, and the Muslim world.” To achieve this, he outlined a series of investment priorities and projects, from

Key continued

The Turkmenistan-Iran-Turkey pipeline that the Caspian project was to block, has proceeded apace. Turkmenistan has also begun pumping natural gas to Iran, delivering 5 billion cubic meters (bcm) this year. The Iranian pipeline to Turkey has been built, and the Turkish line is under construction. In August 2000, commissioning of the Iran-Turkey pipeline was announced for next year.

Meanwhile, Turkmenistan resumed oil exports to Ukraine in February 1998, via Russia’s pipeline. In May 2000, after

President Vladimir Putin’s visit to Turkmenistan, delivery was finalized of 50 bcm per year of natural gas from Turkmenistan to Russia, for 30 years. Some 20 bcm are being delivered this year.

Lines 11 and 12 are proposed pipelines from Iran to India, either overland, via Pakistan, or under the Arabian Sea. Memoranda have been initialled by the three countries, but India-Pakistan political uncertainties continue. If the direct, under-sea route is chosen, Russia will provide technical assistance.

Dramatic Shift Under Way Toward Russia, China

On Aug. 29, the turn of the Central Asian Republics toward Russian and China was noted in a series of dramatic developments. Uzbek President Islam Karimov announced both a strategic cooperation agreement with China, and a formal request by his government to Russia for military help against the “Islamist” rebel armies.

Two days earlier, an incisive article entitled “Putin Lives in the Cold War,” appeared in the German paper *Welt am Sonntag*, by well-known journalist Peter Scholl-Latour. Scholl-Latour described how Russian President Vladimir Putin has been turning the West’s flank, on both strategic and petrochemical issues, in Central Asia:

“Between the Caspian Sea and the Chinese province of Xinjiang, there emerged an economic and strategic shift, which will trigger great alarm in Washington. Just one year ago, everybody believed that the big American energy companies had succeeded in pushing the Russians out of their spheres of influence in the South Caucasus and Central Asia. It seemed as if they had finally and fully grabbed the exploitation of the vast resources of oil and natural gas in this region, as well as the control over the transport lines via non-Russian territory. But in this reenactment of the ‘Great Game,’ Vladimir Putin has clearly won against the alleged omnipotence of the U.S. giants.

“Recently Moscow has signed an agreement with Kazakhstan, which secures it the lion’s share of the oil production there, as well as the export via Russian territory. With that the grandiose pipeline project of the Americans, which — by circumventing Russia — is planned to go from

Baku via Georgia and East Anatolia to the Turkic port of Ceyhan on the Mediterranean Sea, is supposed to have lost any chance of turning a profit. Almost at the same time, Turkmenistan’s President [Saparmurad] Niyazov has turned his back on the Americans and cancelled a pre-contract with an American consortium, which was only signed in 1999. Also here the Russians clearly gained a big advantage concerning the delivery of the vast natural gas reserves of Turkmenistan.

“Even more remarkable is the about-face of the President of Uzbekistan, Islam Karimov. Until recently, the armed forces of this most powerful Central Asian state prepared for a military cooperation with the United States and NATO, and suddenly now a strategic partnership with Moscow is being looked for. On short notice, a meeting of Karimov with NATO’s Secretary General George Robertson was cancelled. Instead, the strongman of Tashkent, an ex-communist, who rules Uzbekistan like an Oriental despot, met several times with Vladimir Putin.

“This sensational shift of power in favor of Moscow, which the West hardly acknowledged, is certainly not a manifestation of mutual sympathy, and the time of merciless Soviet oppression is not at all forgotten here. But the new ‘emirs’ . . . are immediately threatened by the advances of a militant Islam. . . .

“CIA headquarters in Langley must have noticed with astonishment, that the so-called ‘Shanghai Forum’ — Russia, China, Tajikistan, Kyrgyzstan, Kazakhstan — met in the beginning of July in Tajikistan’s capital, Dushanbe, in order to jointly discuss the containment of the ‘Islamic danger,’ which is also threatening Beijing in Xinjiang. Looked at from a global standpoint, Putin’s overall account is not as negative as was portrayed in the context of the tragedy in the Barents Sea, which explains the fact, that about 65% of the Russian population still supports him.”

massive rail and road infrastructure to pipelines and communications.

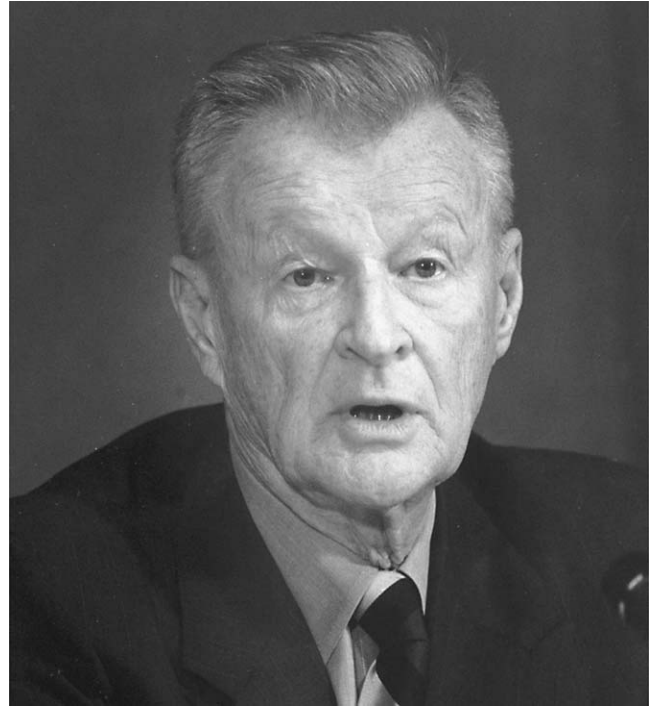
Enter Albright. Her themes were: democracy, human rights, free market economics, and the fight against terrorism. Her message was clearly understood as a direct attack on the sovereignty of the nations in question.

In a joint press conference with President Nazarbayev, Albright announced the commitment of the U.S. government, to provide help in the fight against terrorism. But the help? — but \$3 million for enhancing border security, including “training and equipment for counter-terrorism and counter-narcotics,” and an invitation to Kazakhstan to attend a conference on counter-terrorism at the State Department in June of this year. Albright was to repeat her offer of \$3 million and the conference invitation, on her stops in Kyrgyzstan and Uzbekistan.

Albright’s Ulterior Motives

It became clear to journalists, that there was an ulterior motive to Albright’s anti-terror proposals: to thwart these countries’ growing cooperation with Russia and China, in that fight. One journalist asked Albright about Kazakhstan’s role in the Shanghai Five (now renamed the Shanghai Forum), the group which came together in 1996 to fight terrorism, and has since expanded to become a powerful regional arrangement for defense against terrorism, extremism, and separatism. The group includes Kazakhstan, Tajikistan, Kyrgyzstan, plus Russia and China, with Uzbekistan, India, and Iran ready to join. Albright pointedly did not mention the Shanghai Five in her answer.

Cooperation with Russia was raised by the press, whose representatives were well aware of what Albright’s mission



U.S. Secretary of State Madeleine Albright and former National Security Adviser Zbigniew Brzezinski. On Aug. 18, 1999, Lyndon LaRouche wrote: "It is typical of Zbigniew Brzezinski's earlier roles, that he and his extended family connections, including Secretary Madeleine Albright, should be playing key supporting roles for the British monarchy's staging of the potential nuclear war over games currently played in Transcaucasia and Central Asia."

entailed. President Nazarbayev was asked whether Kazakstan were "looking more toward Russia," and, if so, "how successful has Secretary Albright's visit been in turning your attention more toward the West. . . ?" The Kazak President responded, in Russian, saying, "I am kind of surprised that we still have remnants, even back in the West, of some imperialists' kind of thinking." He explained: "The government has to face one direction or another, they say. You know, in the history of our people we have fought forever in trying to gain our independence, and our independence finally won. Now our major tasks are providing for the economic welfare of our people and for our own physical independence—that is number one." He added, "Russia is our God-given neighbor. . . . We have a common border with Russia of over 7,000 kilometers, and Russia is our economic, cultural, and political partner. And now that we're neighbors, geographically, we would like to establish with Russia a very fine partnership on an equal basis, so that we are equal partners in economics, politics, and just be good neighbors."

The Russia issue was further aggravated, when a journalist asked Albright to comment on Kazak sales of MiG fighter jets to North Korea, which the United States had strongly condemned. The journalist asked Nazarbayev why the government officials involved, who had been tried for the offense, were readmitted to government positions. Before the Secretary of State was allowed to reach the microphone, President

Nazarbayev set the record straight, detailing how the lower-level officials who violated the law, were duly tried and punished according to the law of the land, and the high-level officials, found innocent, were given back government positions, albeit on a lower level.

But the issue for the Kazak President was not one of legal niceties. It was the issue of sovereignty, the issue underlying every topic discussed with Albright. After explaining the legal case, he added pointedly, "However, it is not the place of the Secretary of State of the United States to decide which of the ministers or people, in any particular case, the government of Kazakstan is to reinstate or not to reinstate."

On democracy, Albright was blunt. "As you know," she said, "the United States has expressed its disappointment with the conduct of last year's elections and I discussed with President Nazarbayev the importance of implementing the OSCE election report recommendations and making possible a more inclusive and democratic political system."

Purportedly in the interests of enhancing democracy, the United States, she said, would increase its support for independent media. According to a fact sheet issued by the State Department, the U.S. government will fund four new public access Internet sites, and will provide "small grants and technical assistance to independent newspapers, TV, and radio stations." The United States will work with the George Soros-funded Open Society Institute, already expelled from a num-

Zbigniew Brzezinski's Dangerous Chessboard

In his 1997 book *The Grand Chessboard: American Primacy and Its Geostrategic Imperatives*, former Carter National Security Adviser Zbigniew Brzezinski has revived the British colonialist religion known as “geopolitics,” as it was propounded by Halford Mackinder. This is the apocalyptic religion that led to World War I and II. In his book (and in his business dealings), Brzezinski promotes the idea that there is a “zone of instability” that encompasses the Transcaucasus and Central Asia in which the clever chessplayer can manipulate tribal, ethnic, or religious differences to his advantage (Figure 6). A central theme of his book, is to deny Russia any influence whatsoever over developments in these countries on its border. At the same time, Brzezinski and his family have made their services available to the Anglo-American oligarchy's grab for the region's extensive oil, natural gas, and mineral wealth.

Brzezinski writes: “Russia's loss of its dominant position on the Baltic Sea was replicated on the Black Sea not only because of Ukraine's independence, but also because the newly independent Caucasian states—Georgia, Armenia, and Azerbaijan—enhanced the opportunities for Turkey to reestablish its once-lost influence in the region. . . . The emergence of the independent Central Asian states meant that in some places Russia's southeastern frontier had been pushed back northward more than 1,000 miles. The new states now controlled vast mineral and energy deposits that were bound to attract foreign interests. . . . Supported from the outside by Turkey, Iran, Pakistan, and Saudi Arabia, the Central Asian states have not been inclined to trade their new political sovereignty even for the sake of beneficial economic integration with Russia, as many Russians continued to hope they would. . . . For the Russians, the specter of a potential conflict with the Islamic

states along Russia's entire southern flank (which, adding in Turkey, Iran, and Pakistan, account for more than 300 million people) has to be a source of serious concern.”

He devotes a chapter to what he calls “The Eurasian Balkans”:

“In Europe, the word ‘Balkans’ conjures up images of ethnic conflicts and great-power regional rivalries. Eurasia, too, has its ‘Balkans,’ but the Eurasian Balkans are much larger, more populated, even more religiously and ethnically heterogeneous. They are located within that large geographic oblong that demarcates the central zone of instability . . . and that embraces portions of southeastern Europe, Central Asia and parts of South Asia, the Persian Gulf area, and the Middle East.

“The Eurasian Balkans form the inner core of that oblong. . . : not only are its political entities unstable, but they tempt and invite the intrusion of more powerful neighbors, each of whom is determined to oppose the region's domination by another. It is this familiar combination of a power vacuum and power suction that justifies the appellation ‘Eurasian Balkans.’ . . .

“The Eurasian Balkans . . . are of importance from the standpoint of security and historical ambitions to at least three of their most immediate and more powerful neighbors, namely, Russia, Turkey and Iran, with China also signaling an increasing political interest in the region. But the Eurasian Balkans are infinitely more important as a potential economic prize: an enormous concentration of natural gas and oil reserves is located in the region, in addition to important minerals, including gold. . . .

“A geostrategic issue of crucial importance is posed by China's emergence as a major power. The most appealing outcome would be to co-opt a democratising and free-marketing China into a larger Asian framework of cooperation. . . . Potentially, the most dangerous scenario would be a grand coalition of China, Russia, and perhaps Iran, an ‘anti-hegemonic coalition’ united not by ideology but by complementary grievances.”

ber of eastern European nations, to shape the minds of students, and teach them “democracy.” Finally, the United States will support non-governmental organization (NGO) development.

Silk Road Diplomacy

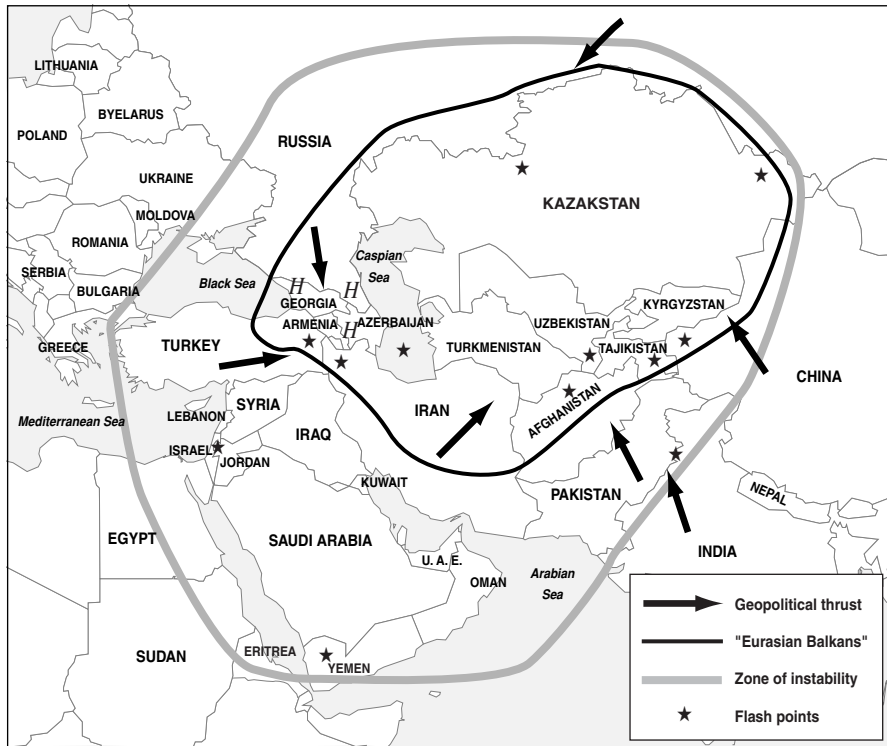
In Kyrgyzstan and Uzbekistan, Albright followed essentially the same script. Kyrgyzstan had been hailed as an “island of democracy” in the region, largely due to the fact that the post-independence leadership was not the same as in the earlier Soviet period. Kyrgyzstan also moved very quickly

with free market reforms, liberalizing prices, and cutting state subsidies. It also set up a stock market, with U.S. assistance. The rapid liberalization had a devastating social effect, as wide-ranging state programs, to provide a social safety net, were dismantled.

Thus, in 1994 and 1995, the government began to effect a shift, particularly in controlling the activities of opposition groups and publications. President Askar Akayev, whose term was not extended through a referendum, was reelected in December 1995 to the position he still holds. The next Presidential elections are scheduled for December 2000. The

FIGURE 6

Brzezinski's View of 'The Eurasian Balkans'



Source: *The Grand Chessboard*.

the last elections were flawed.”

The measures which the United States has introduced, in the interests of “promoting democracy” are far-reaching. Most important are the measures introduced to directly shape the election process. The U.S. government fact sheet described it as follows:

“Small grants for Election-Related Activities: Prior to the February 2000 parliamentary elections, USAID [the U.S. Agency for International Development] funded a \$175,000 small grants program to help NGOs, civic organizations, and media entities educate citizens about the local and parliamentary elections, and encourage transparency, citizen oversight, and participation. . . . USAID will conduct a \$150,000 small-grants competition to help NGOs, civic organizations, and media entities inform voters and monitor the elections.” In addition, the U.S. government “is providing small grants and technical assistance to independent newspapers, TV and radio stations . . . as well as training seminars.”

official strategic doctrine of Kyrgyzstan is the doctrine of the new Silk Road. (See “President of Kyrgyzstan: Our Foreign Policy Doctrine Is the Great Silk Road,” *EIR*, April 9, 1999, for the foreign policy document of the Kyrgyz government.)

As in Kazakstan, Albright announced her \$3 million in aid and her invitation to Washington for counter-terrorism conferences. But the main political thrust, was on democracy. Here, according to the joint statement issued following her talks with President Akayev, Albright “agreed with the assessment of the OSCE that [the parliamentary] elections did not fully meet OSCE and international standards. The Secretary noted the need to further strengthen the democratic process in Kyrgyzstan and correct the electoral irregularities detailed in the OSCE final report.”

In his statement to the press, President Akayev reported that he had “stated several times that the OSCE’s remarks and recommendations on the recent elections would be taken into consideration by the Kyrgyz government in the upcoming elections.”

In an interview with *Pyramida* on April 16, Albright stressed, “What is important now is that the next elections in Kyrgyzstan be free and fair and open and transparent. Because

Don’t Count This Chicken, Either

Albright took the same agenda to her last stop, which was Uzbekistan, a state with a strong centralized government. Uzbekistan has been characterized in the United States as the closest country in the region, to America. Albright’s visit demonstrated the fallacy of that assumption.

Starting with assistance to fight terrorism, Albright went on to catalogue her complaints regarding lack of democracy. In Uzbekistan, more than in the other two countries, she explicitly said that the government should abandon its dirigistic approach, both in the economy, and in the crackdown on terrorist elements. On the economic front, her specific demand was that Uzbekistan should establish “full currency convertibility,” which the government is not planning to do. Regarding law enforcement, she was asked by the press, whether she were satisfied with the Uzbek government’s response to her “concerns” about “crackdowns on Muslim fundamentalists.” Foreign Minister Kamilov stated clearly, “If these are fundamentalists, if these are extremists involved in terrorism, no doubt, they must be persecuted in any state.”

Albright, for her part, said she had discussed the matter with President Karimov, and told him “that it was necessary

that the government of Uzbekistan distinguish very carefully between peaceful devout believers and those who advocate terrorism or violent political change.” Albright graciously acknowledged that “there are genuine terrorist threats in this region,” but failed even to mention that President Karimov himself had been the target of a vicious assassination attempt just a year earlier. Her pious refrain was that one should respond “through the rule of law, and not over-reaction.”

The discussion on democracy led to an open clash in Tashkent. In the joint press conference, Foreign Minister Kamilov was asked to comment on the Annual Human Rights 1999 World Report, issued by the U.S. State Department, which criticized Uzbekistan. Kamilov said bluntly, a “certain part of the report raises doubts in us . . . and I will state frankly, we cannot accept it.” Albright confirmed that there had been a clash on the human rights question in her talks with President Karimov, saying: “He disagreed with me, and I disagree with him.”

Albright unveiled a number of new U.S.-funded initiatives to “support democracy, human rights, and the growth of civil society in Uzbekistan,” among them, the usual Internet access and training programs, and public-access Internet sites. However, as the U.S. fact sheet detailed, U.S. government support “for previously existing USG-funded sites (including the University of World Economy and Diplomacy) was withdrawn due to Government of Uzbekistan attempts to control Internet traffic. The new sites will be connected to the Internet via satellite *through the U.S. Embassy*” (emphasis added).

Albright summed up the sense of her mission, in a lengthy speech delivered at the university at the conclusion of her tour. She began by offering her view of the geopolitical significance of the Central Asian states. Saying that she tries to focus her efforts on regions where “success in one country or region will have an influence on surrounding areas,” she explained that she had just been in Ukraine, whose economic and political development will influence Russia and eastern Europe. “I am here in Central Asia for similar reasons,” she began. “Your neighbors in the broader region include Russia, China, Turkey, and Iran. You can have an impact on Afghanistan and thus Pakistan and India as well. And the future of the Caucasus is also linked to yours. So while you are geographically distant from the United States, you are very closely

connected to some of our most vital national interests.”

Albright promoted the United States’ pittance of assistance in the fight against terrorism, but added: “But at the same time the United States will not support any and all measures taken in the name of fighting drugs and terrorism or restoring stability. One of the most dangerous temptations for a government facing violent threats is to respond in a heavy-handed way that violates the rights of innocent citizens.” Albright related this to state intervention in the economy: “It is particularly ironic that the temptation to use a heavy hand should come at just the moment when—on the economic front—the right strategy is to limit government intervention.” Furthermore, she said, “by any modern standard, it is clear that, throughout Central Asia, governments remain too involved in the economy and the daily lives of individuals.”

A clearer demand for the weakening—and destabilization—of the power of the governments in the region, could not be stated in diplomatese.

Summing up her discussions on the questions of democracy, human rights, and the like, Albright reiterated the demand that the three countries abide by the OSCE recommendations for elections. She said that the issues of democracy and a free press, were things she discussed with governments everywhere, “but there is a growing sense . . . that when it comes to these issues, Uzbekistan and its neighbors in Central Asia are falling behind.”

Significantly, Albright’s itinerary did not include Turkmenistan and Tajikistan, two of the Central Asian states she included in her sweeping generalizations and criticisms. This may have to do with Tajikistan’s close military cooperation with Russia. Turkmenistan is not only officially neutral, rejecting any military alliance, but is also uninterested in IMF reforms. State subsidies have remained intact, major budget expenditures are allocated for education and health, and basic utilities are free.

Regional Cooperation Strengthened

In mid-July, a summit of the Shanghai Five took place in Dushanbe, Tajikistan, which greatly deepened and expanded the cooperation among Central Asians, not only in the fight against terrorism, narcotics, and extremism, but also in forging closer economic links. President Karimov of Uzbekistan personally attended, while Iran and India requested membership.

In early August, the Taliban-centered “Islamist” insurgency controlling Afghanistan, escalated dramatically, targeting Kyrgyzstan, Uzbekistan, and Tajikistan. Emergency meetings of state leaders took place in Bishkek, Kyrgyzstan; in Sochi, with Russian President Putin; and in a summit of the Commonwealth of Independent States. Central Asian leaders vowed to “annihilate” the insurgents. The fighting is intensifying, in what is effectively an invasion of the Central Asian Republics. One battle, on the border of Kyrgyzstan, has already involved Russian border police troops.

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21st CENTURY SCIENCE & TECHNOLOGY

■ SDI Revisted: In Defense of Strategy

Lyndon H. LaRouche, Jr.

In order that society might enjoy the benefits of discovered universal physical principles, it is essential to engage cooperation among the higher, cognitive processes of individual persons. The modern concept of "information," embedded in today's educational and scientific practice, makes such further advancement of cognition, and therefore of science, impossible. Such are the kind of underlying matters which must be addressed, to grasp the flaw in the arguments surrounding today's missile-defense debate.

■ It's Time to Tell the Truth About the Health Benefits of Low-Dose Radiation

James Muckerheide

Low-dose radiation is documented to be beneficial for human health but, for political reasons, radiation is assumed to be harmful at any dose. Radiation-protection scientists, and others, who cover up the data that contradict present policy should be investigated for misconduct.

■ Discovery Challenges Existence of 'Absolute Time'

Jonathan Tennenbaum

Russian scientists have discovered unexpected regularities in radioactive decay, linked to astronomical cycles.

■ AIDS and Infectious Diseases Declared Threat to U.S. National Security

Colin Lowry

■ Yes, the Ocean Has Warmed; No, It's Not 'Global Warming'

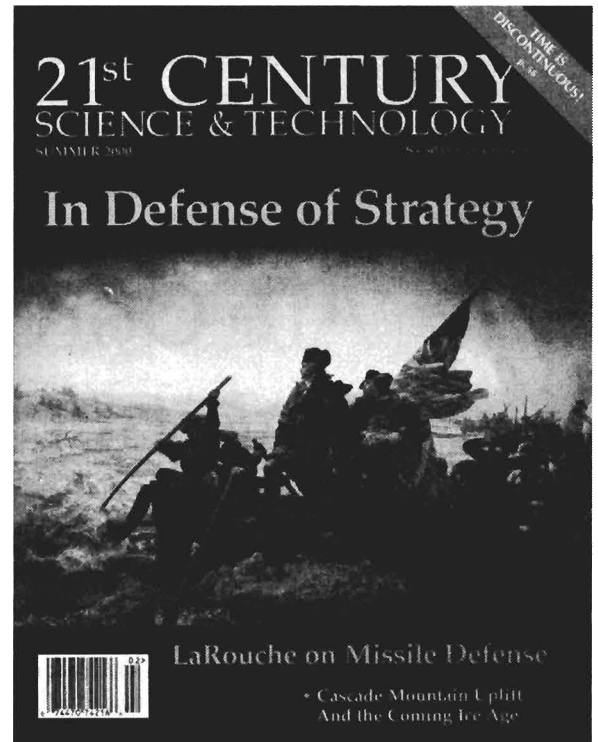
Dr. Robert E. Stevenson

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Jack Sauers

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Dr. C.S. Prakash



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Are Gore and Bush Running Another Racist Campaign?

by Scott Thompson and Michele Steinberg

According to a well-informed political leader in Florida, the *Miami Herald*, which is extremely close to the gangster-like thugs of the Anti-Defamation League of B'nai B'rith (ADL), is running a slander campaign against at least ten major African-American and Hispanic candidates—especially those in the Democratic Party—in that state. Many of those minority leaders who have been targets of the *Miami Herald's* poison-pen had earlier gone head-to-head with Florida Gov. Jeb Bush (R), whose brother is Republican Presidential nominee Gov. George W. Bush, over Jeb Bush's plans to overturn affirmative action. In January, Jeb Bush had been caught by television cameras telling an aide to “kick their asses out of here,” when African-American elected officials were staging a sit-in in government offices against Bush's elimination of affirmative action programs designed to overcome racism in state hiring.

Reflecting a similar pattern of racist attacks in New York City, in the countdown to the Sept. 12 Democratic primary election, the Aug. 30 *New York Daily News* used ADL-style “slimeball” tactics against maverick State Sen. Larry Seabrook, who is running for U.S. Congress against incumbent U.S. Rep. Eliot Engel (D-Bronx). Engel is closely allied with right-wing Zionist thug circles in the Republican Party. Senator Seabrook, who is the former head of the New York Legislature's Black and Hispanic Caucus, has attracted significant support in the Bronx.

The pattern of attacks against prominent African-American elected officials is the political end of the heinous Justice Department operation known as “Operation Fruehmenschen” (the DOJ's pidgin German for “primitive man”), that is continuing in the form of these ADL-style media smears.

The attacks against Seabrook include overt slanders, such as one in the *Washington Post* which branded him “anti-Israel” because his opponent is Jewish and a known supporter of

Israel. These slanders have contributed to a climate in which death threats have been made against him, including one by the notorious ADL-backed terrorist group, the Jewish Defense Organization.

One of the most outspoken opponents against Operation Fruehmenschen, and the ADL's participation in the racist targeting of minority political leaders, has been Democratic Party leader Lyndon LaRouche. In the mid-1990s, LaRouche and his associates exposed the racist crimes of the Justice Department's permanent bureaucracy, in publications and in Independent Commission hearings that published testimony about how the DOJ, in league with the ADL, targeted thousands of African-American elected and appointed officials for politically motivated criminal prosecutions and frame-ups. In both the 1996 and 2000 elections, LaRouche, who has opposed racist profiling all his life, fought political and legal battles against the DOJ's allies in the Gore camp and the Democratic National Committee (DNC) who were out to overturn the historic Voting Rights Act of 1965. In the 2000 elections, LaRouche ran for the Democratic nomination against Gore, only to have his votes—he won the Michigan primary and swept 22% in Arkansas—nullified by Gore and the DNC, in the same way that Southern racists had excluded African-Americans from representation in the 1960s.

Racial Profiling

Senator Seabrook is a grassroots Democrat who was among those who spoke out when, on Feb. 4, 1999, the New York Police Department “Nintendo cops” cold-bloodedly murdered an unarmed African immigrant, Amadou Diallo. Diallo died when a special unit of the NYPD fired 41 rounds at him, as he reached for his wallet to show them his ID; 19 of their bullets found their mark. After a tyrannical verdict in

March of this year acquitted the policemen of any crimes, Seabrook was arrested for protesting at police headquarters with other members of the Black and Hispanic Caucus.

The *New York Daily News* began its smear campaign on Aug. 30, just after an important Bronx politician, Roberto Ramirez, withdrew his support for Engel and instead endorsed Seabrook. In a ludicrous article entitled “Bronx Pol in Divorce Flap,” the *Daily News* quoted Seabrook’s former wife claiming that her husband had “secretly” divorced her, and then committed fraud by filing joint IRS forms, and conducting other such financial transactions.

Seabrook called the claim that his wife did not know about their divorce, “ridiculous,” and together with his lawyer Armando Montano, accused Engel of using these smears for character assassination. “Matrimonial records are confidential,” said Montano. “This smells of criminality.”

This was not the first slander against Seabrook. Earlier, a *Washington Post* piece by Robert Novak claimed that while Engel is a staunch supporter of Israel, Seabrook, because he is African-American, must not be. In a July 1 letter to the editor published by the *Post*, Seabrook blasted the false allegation, saying: “Racial profiling can take many insidious forms and, unfortunately, Novak’s column seems to be another example.” Because of “racial stereotyping” such as Novak’s column, Seabrook began to receive death threats that bore the hoof prints of the sort of dirty tricks regularly carried out by the ADL’s paid *agents provocateurs*.

As *EIR* has reported, Engel was named in the June 9 issue of *Forward* (a New York-based Zionist Lobby, neo-conservative weekly) as being a member of the “bipartisan” Lebanon Study Group. The LSG at that time released a report demanding that the Clinton Administration take all available action to drive Syria out of Lebanon immediately, including the possibility of waging a “Gulf War-style campaign to oust Syria’s troops.” This places Engel, together with leading foreign policy advisers to both Al Gore, Jr. and George W. Bush, who participated in the LSG, among the far-right war-mongers of the Zionist Lobby.

‘Get Their Asses Outta Here’

EIR is still substantiating the role that the *Miami Herald* is playing against the African-American elected officials and candidates. But what is known to date, is that Jeb Bush became Florida Governor, he has had heated clashes with African-American officials over his stand against affirmative action and for the death penalty.

One incident occurred on Jan. 17, when two African-American Florida legislators, Sen. Kendrick Meek of Miami and Rep. Tony Hill of Jacksonville, both Democrats, began a sit-in in the State Capitol office of Republican Lt. Gov. Frank Brogan, protesting Bush’s “One Florida” program—an executive order issued in November 1999 that banned affirmative action in state contracts and university admissions.

The next day, an infuriated Governor Bush (you know,

that famous Bush family rage) ordered his staff, “Get their asses outta here. . . . We’re going to make their lives hell for this.” The outburst was caught by a TV camera crew, and the next day became national news. By midday, as 20 state legislators and 200 protesters joined the sit-in, the Governor’s offices were closed, while “frat boy” Jeb called a news conference to apologize to his mother for using foul language.

In an interview with *EIR* on July 17, State Sen. Daryl Jones, Chairman of the Florida Conference of Black State Legislators, explained the real meaning of Bush’s “One Florida” plan for minorities. A Lieutenant Colonel in the U.S. Air Force Reserve, Senator Jones had been President Bill Clinton’s nominee to be Secretary of the Air Force; however, his nomination was blocked amidst a racist smear campaign. What Jones discussed in *EIR*, was Governor Bush’s the “Talented 20,” which proposed that only those high school graduates in the upper 20% of their class would be guaranteed admission to the Florida state university system. Jones explained how this would end affirmative action: “I can understand his reasoning; however, I just disagree with it. My problem with the Talented 20 program is that the Governor is touting it as a minority access program and it’s not. By the Board of Regents’ own numbers, the Talented 20 pool of candidates would be about 25% ethnic minorities. Our current university system is 35% [minorities]. When you match up 25% with 35%, you bring that 35% down, percentage-wise.”

Gore-Bush Thug Tactics

Precisely how deeply Vice President Gore is involved in these dirty tricks against elected African-American politicians is not yet known. However, *EIR* has received reports from several reliable sources that immense pressure had been applied on minorities to support the Gore-Lieberman ticket. The reason why minorities object to the ticket is because both members follow the policies of “triangulation,” ranging from Lieberman’s support for school vouchers to Gore’s central role in destroying welfare.

As Earl Ofari Hutchinson wrote in the first of several commentaries in the Philadelphia-based *New Observer*, an African-American newspaper, entitled “The Clinton-Gore Dilemma for Black America,” which appeared on Aug. 30: “Welfare. Republican Presidents Nixon, Reagan, and Bush promised to end welfare as we know it. Clinton-Gore did. They tacitly fanned these racial and sexual myths about welfare: It encourages dependency, cheating, laziness, and out of wedlock births. It is a massive drain on taxpayers. The recipients are mostly poor black women.”

While the national media are putting the spotlight on the ADL for sending a letter to Jewish Vice Presidential candidate Joe Lieberman, asked him to stop talking about religion and God, the real story may be that the ADL is doing Gore and Lieberman’s dirty work by targetting minority Democrats who reject Gore’s “Third Way” fascism.

President Clinton Missed a Unique Opportunity during Nigeria Visit

by Goddy Ikeh and Lawrence K. Freeman

Most Nigerians, who expected an outright cancellation of the country's foreign debt of more than \$30 billion during the Aug. 26-27 visit of U.S. President Bill Clinton, may find unacceptable the promise that the United States will support positive considerations by the international financial community of debt reduction for Nigeria in a multilateral context, and "a generous Paris Club rescheduling for this year." Unfortunately, President Clinton, on his first visit to Nigeria (after snubbing the most populous nation in Africa during his eight-day visit to the continent in 1998), did little to deal with the substantial problems that have plagued Nigeria for years. While in Nigeria, President Clinton praised the country's nascent democracy under the leadership of President Olusegun Obasanjo. However, what President Obasanjo had really hoped for, was that the American leader would make an unequivocal commitment to cancel (not just reschedule) Nigeria's huge debt, and relieve the nation of 110-115 million people of this oppressive burden.

President Obasanjo's unrealistic hopes were dashed, and he will now have to make do with the fact that President Clinton's visit has given Nigeria a new "international profile" after years of being scorned by the West as allegedly corrupt and dictatorial. As one knowledgeable Nigerian commented: "Except for the promises and grants announced on the second day of the visit, which are directed at some specific sectors, there is no cheerful news for the downtrodden."

Clinton Reverses U.S. Attitude toward Nigeria

President Clinton did say, that he was "greatly concerned" over visa problems, which prevent most Nigerians from being able to travel to the United States, and that his administration would work toward an amicable solution to the problem. Apart from the debt and visa questions, a 16-point declaration was jointly issued after the bilateral talks between Nigerian and U.S. officials on Aug. 26. In the transportation sector, the two leaders welcomed the historic signing of an Open Skies Agreement between the countries, which will allow the first direct flights between the United States and Lagos since such flights were grounded in 1993.

Other initiatives announced include \$20 million in U.S. assistance to fight AIDS/HIV, polio, and malaria, and \$2 million for medicine that will prevent pregnant AIDS victims from infecting their children *in utero*. Also during the two-day visit, the U.S. Export-Import Bank signed an agreement

to provide \$1.2 billion in guarantees for loans to Nigeria. Among other issues agreed upon were the challenges to regional security, and U.S. government support for regional peacekeeping and conflict resolution efforts in West Africa was reaffirmed.

Millions more dollars will be spent to upgrade and train Nigeria's military, in recognition of the high cost of its deployment in carrying out peacekeeping missions in Africa. The two countries agreed to improve the professionalism, skills, and welfare of the Nigerian Armed Forces, and to ensure continued commitment to civilian control of the military.

The IMF and the Internet Won't Help

Despite pleas from President Obasanjo during the last year for cancellation of Nigeria's debt as a "democracy dividend," the best President Clinton could offer was that he would urge the creditor clubs—Paris and London—which hold the bulk of the Nigeria's debt, to provide some relief. The United States is owed only about \$58 million out of the country's total debt. Asked about Nigeria's debt burden during his first press conference with President Obasanjo in the capital, Abuja, President Clinton responded that now that Nigeria is working with the IMF, and has shown a commitment to economic reform—meaning a commitment to open up Nigeria to the free-trade looting policies of privatization and globalization—the United States would request "generous debt rescheduling."

In his address to the Joint Assembly, as parliament is known, Clinton alluded to remarks that Jesse Jackson, his special envoy to Africa, had made, that "to help Nigeria involves more than the government; it's also Wall Street and Silicon Valley. That's what is growing our economy, and it can help to grow yours." Not only did President Clinton foolishly repeat such nonsense, but, unfortunately, major Nigerian leaders, elected officials, and businessmen wish to believe it as well.

In his last major speech on Aug. 27, at the Abuja Sheraton, the American President could not control his enthusiasm for promoting the role of the information society and the Internet as a solution to Nigeria's depressed economy. At various times, he correctly discussed the need for improving Nigeria's collapsed infrastructure, and the need to "rebuild the agricultural sector" and "broaden the manufacturing sector." However, he also told his audience that "the information revolution

has changed everything,” through the explosive growth of the Worldwide Web. After acknowledging that half of Nigerians “don’t have access to clean water,” he nonetheless concluded that the solution is to “broaden access to information technology” by expanding the number of Nigeria’s 9,000 Internet users to 9 million. This, he said, “you can do in no time.”

The absurdity of such a proposal, as the authors have personally observed, is that even the wealthiest Nigerians lack a continuous supply of electrical power. In any functioning society, computers and information gathered through the Internet will play a role. But, to actually propose to African nations, which lack electricity, clean water, adequate health care, schools, transportation corridors, basic housing—and the list goes on—that computer technology, rather than *real, productive* technologies, will increase the productivity of the economy, displays an utter lack of understanding regarding the fundamentals of society and economy.

The Nation-State and the General Welfare

In his address to Nigerian legislators, President Clinton described Nigeria as a country richly endowed in human and material resources, and he deplored ethnic and religious divisions, saying that it is of utmost importance that Christians and Muslims should continue to live together in peace. He noted that despite the existence of more than 250 ethnic groups, the peoples of Nigeria had stayed together as one. “Your ethnic diversity is a great opportunity if we can find amity, tolerate it, and believe that how we worship and speak are important,” Clinton said. Stressing why Nigerian must remain an indissoluble nation, President Clinton said, “You have stayed together in one nation, you have fought for democracy together, achievements have come while working together. . . . We have to find honorable ways of reconciling our differences on common grounds.”

“The world needs Nigeria to succeed. Every great nation must become more than its parts,” the President said, to the applause of many of his listeners.

President Clinton’s defense of the nation-state of Nigeria is important, but he missed a unique opportunity to actually advance a policy that would lead to a *revolutionary* change in the deplorable living conditions in Nigeria, as well as the whole of Africa. The struggle for simple human existence is worse for the 550 million people living in Sub-Saharan Africa, than anywhere else on the planet. It has now been 40 years since the nations of Africa began to free themselves from the colonial powers of Europe. Yet, the case can be made, that there has been no real progress for Sub-Saharan Africans over almost a half-century. Whatever small gains did occur, the spread of AIDS and other epidemics have begun to reduce longevity, below what it was when the colonial powers ruled.

With the global monetary-financial system in its final days of existence, any leader who is not preparing to establish a post-IMF economic system, is failing miserably. It is correct and proper for President Clinton to lend his support to Nigeria,

and defend unity of the nation-state against those who want to dismember it. However, to propose that the solution will be found in the “information society,” rather than investing in large-scale infrastructure projects that will lead to a net increase in the physical goods required to raise the living standards of hundred of millions of economically depressed Africans, is the height of economic insanity.

It is the right time for Nigerian leaders to give up their delusions about what to expect from Western financial institutions. The IMF system is hopelessly bankrupt; the only sane policy is to start preparing for what comes after it.

Most Africans like President Clinton, and respect the power of the U.S. Presidency. That is why he missed a great opportunity, while in Abuja, to work with African leaders to forge new, anti-globalization policies that would actually lead to an improvement in the “general welfare” for the poor populations of Africa. Under the present conditions, when the world is faced with dangerous global economic and strategic crises, it is time for the leaders of African nations to take personal responsibility for the world.

Allies for a “New Bretton Woods System,” as proposed by Lyndon H. LaRouche, Jr., can be found by looking toward Asia. Suitable arrangements can be made with Asian nations to trade future surpluses of food which can be produced in Africa, for the capital goods desperately needed by the nations of Africa to lift up their depressed economies.

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Hyperinflation Is Hitting U.S. Economy

The “boom” currently ongoing in the U.S. economy is the crashing of waves of inflation over the heads of the American population. The mass media still intimidate all but a few from letting themselves be heard saying this; the Wall Street markets are supposed to absorb the attention of all, attracting the great paper-printing operations of the world’s central bankers, and shining upon us all with the gloss of pure greed. But the truth is that hyperinflation is beginning to hit producer sections of the economy and to burst out into ordinary citizens’ electric bills, oil and gas bills, housing costs, etc. The so-called “core rate of inflation” being foisted on us in monthly announcements of U.S. government agencies, is a fraud. So also, is the Federal Reserve’s claim that it has stopped raising interest rates because inflation is under control. These are not only election-year frauds, but frauds to hide from view the looming financial explosion which the Group of Seven leaders wish not to contemplate.

Take the example of housing, as *EIR* economics researcher Richard Freeman will do in exhaustive detail, in next week’s issue. The market price of all housing in the United States rose from \$7.6 trillion to \$11 trillion in the last five years; but home prices in nine California counties rose by between 15 and 39% in the last year alone. Every fifth home in the United States is now priced over \$250,000. On block after block, town to town and city to city across the nation, every fifth home costs over a quarter of million dollars, and every 20th home costs a million dollars or more. As for rental housing, the percentage of household income which Americans pay for rent in major cities is sharply increasing.

No mere shortage of housing in this or that state could cause such increases; but only pure speculation in the market. In this case, it has been due to the paper-floating operations of the Federal quasi-governmental mortgage brokerage agencies Fannie Mae and Ginnie Mae, which were a key part of the Federal Reserve’s

papering over of the Fall 1998 financial crisis.

In this sector and in other sectors, asset inflation began to jump over toward hyperinflation during the August-October 1999 period, due to the insane “wall of money” policies toward the financial crisis, of Treasury Secretary Larry Summers and Federal Reserve Chairman Alan Greenspan, and those policies they have forced upon Japan in particular.

The housing sector is not unique; surging inflation has struck all the energy and power-related sectors of the economy, has returned with a vengeance to HMO-run health care and has also burst into the realm of industrial commodity prices in many sectors; and a growing list goes on from there.

Lyndon H. LaRouche, Jr. has repeatedly stated that these central bankers and the private financial interests for which they are acting, face only three possibilities under their current policies of trying to save the unsalvageable global financial system now: a hyperinflationary spiral; a deflationary blowout of asset prices; or wars breaking out all over the globe arising from the same policies. The only sane alternative to these, is an agreement to a New Bretton Woods system which puts the vast tens of trillions of unpayable obligations in this bubble, into an orderly bankruptcy.

Since President Clinton was induced to retreat from his September 1998 call for a monetary change to avert “the world financial crisis in 50 years,” the decision has clearly been made to hyperinflate money supplies and asset prices to keep the global bubble growing.

It is that decision which is now having its lawful consequences, in wave after wave of inflationary impulses, all being studiously ignored in every public commentary on the U.S. economy, but bruisingly felt by the businesses, citizens, and local agencies which must pay the price. It is past time that Americans stop denying reality and start demanding a solution to a financial crisis which no Presidential candidate but LaRouche would acknowledge, or can deal with.

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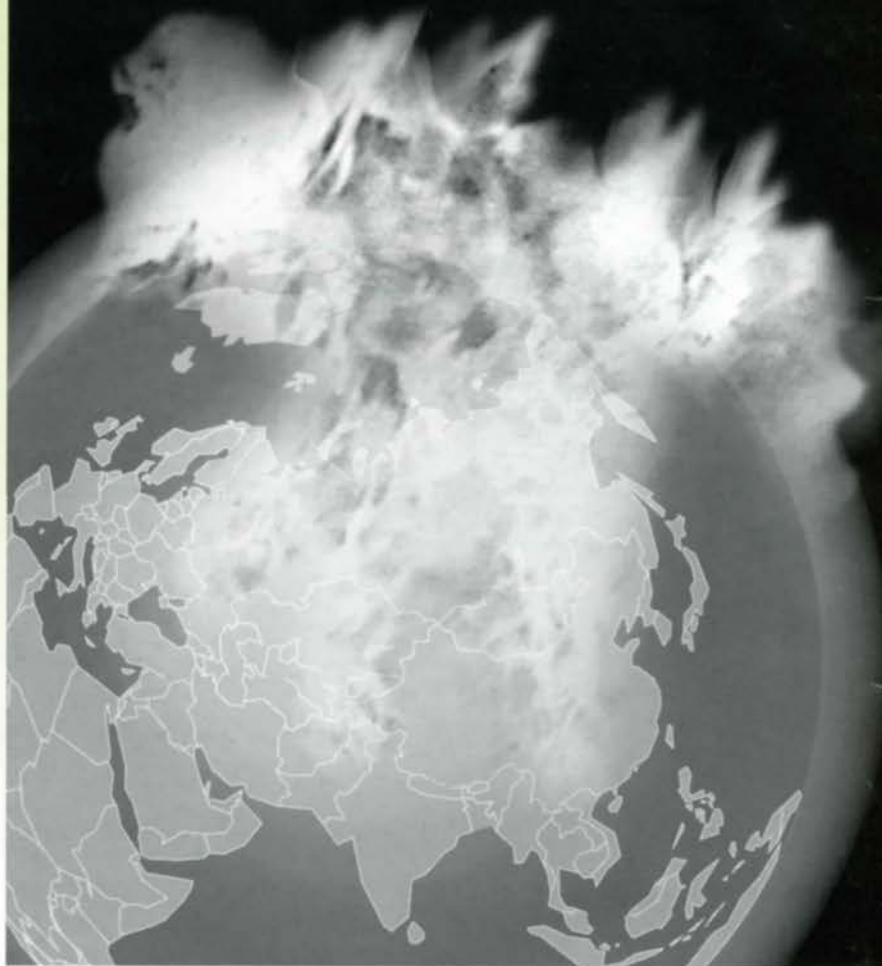
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