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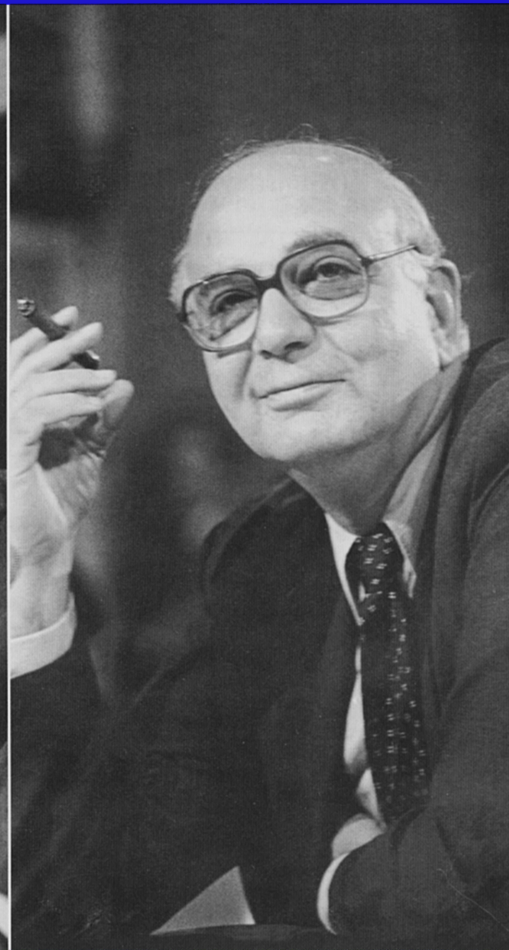
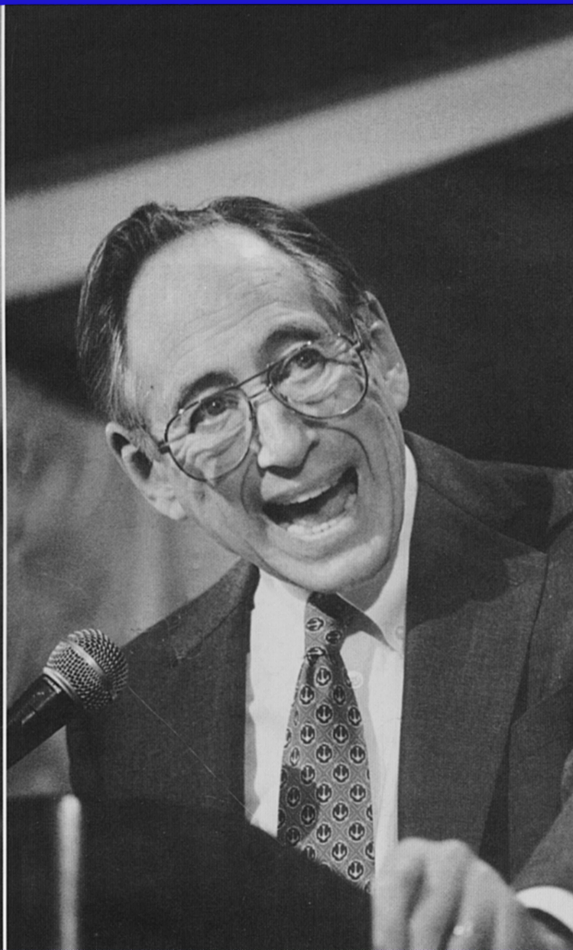
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Stopping Ashcroft Is Key to Sane Economic Policy
Philippines Coup Is a Wake-Up Call for Asia
Deregulation Introduces America to a New Dark Age

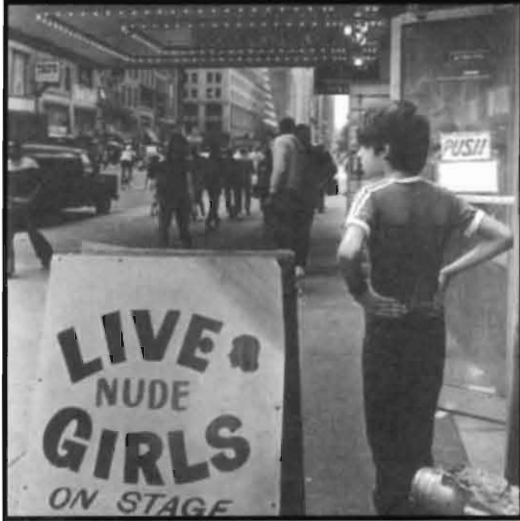
California Takes a Swift Look at Today's Economists



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FROM PROSTITUTION



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NO

FROM THE PRODUCTION OF STEEL



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From the Associate Editor

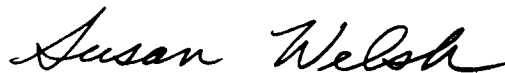
On Jonathan Swift's famed Island of Laputa, there lived a race of mortals most peculiar in their habits. So taken up were they with their own intense speculations, that they were unable to speak, or attend to the discourses of others, without external prodding. For this reason, they were in need of servants, who would carry about a blown bladder, filled with a small quantity of pebbles, and fastened to the end of a short stick. The servants would use the bladders to gently flap the sensory organs of their masters, whenever communication were desired. Without benefit of this singular technique, Swift's Gulliver reports, the worthies of the island were in manifest danger of falling down every precipice, and bouncing their heads against every post.

What similarity is there, between these strange Laputans, and the fellows pictured on our cover? You'll soon learn, once you read Lyndon LaRouche's rip-snorting, very challenging *Feature* article.

How is it, that all the so-called pundits were surprised at the financial earthquake taking place in California, as a result of the deregulation of energy supplies? Why is it, that even today, many citizens of that state (and other states) cannot see what is right before their eyes: the evidence of the utter bankruptcy of the free-market policies that they themselves embraced, and the need for *re-regulation*, in the interest of the general welfare?

As LaRouche explains, a deadly pathogen has infected a generation of U.S. policymakers, as well as the populace at large. The disease is an infection of the mind and soul; but the cure, even at this late hour of crisis, is at hand. What is needed is a *method of forecasting* that can provide a kind of map of the terrain through which we are moving. A map, not of a series of inevitable events, but of "the advantages and penalties of making, or failing to make critical decisions by a certain proximate point in time." How the mind constructs such a map, is the subject of his article.

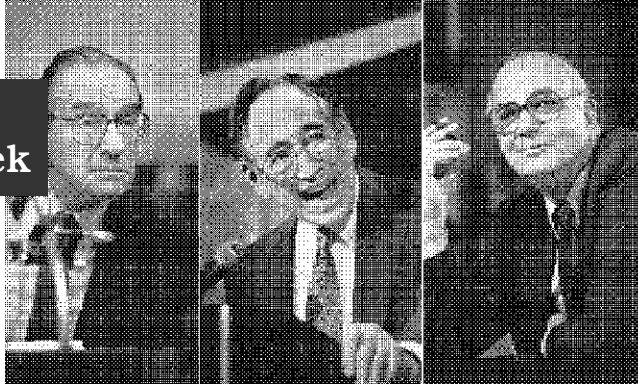
For examples of LaRouche's method in action, see our reports on a conference in Italy, on "Debt Forgiveness and the New Bretton Woods"; LaRouche's interview to a radio station in the Philippines, after the military-backed coup there; and the fight in the United States to block the appointment of John Ashcroft as Attorney General.



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Deregulation Introduces America to a New Dark Age

by John Hoefle

With the lights going out in California, Wall Street and the energy cartel have launched a propaganda campaign designed to convince Americans that California blew it, that California somehow managed to snatch defeat out of the jaws of victorious deregulation. There is *some* truth in this—the best lies always contain a bit of truth as a hook—but what the California electricity crisis really represents is a view into the future of America, if deregulation and the forces behind it are not stopped.

At its core, the California crisis is a physical-economic breakdown—the state lacks sufficient electricity generation and distribution infrastructure, thanks largely to the population’s corruption by pseudo-scientific environmentalist nonsense and not-in-my-back-yard activism. If you don’t build power plants, you won’t have power.

Sitting on top of this physical-economic breakdown, is the parasite of deregulation. Deregulation is a scam, a fraud—waving promises to “save you money” like a carrot on a stick, the energy cartel has built a pipeline into the wallets of millions of Americans, pumping out cash.

What we are witnessing, is the beginning of another great energy hoax—this time the end-game. It began last Summer, with the sudden appearance of gasoline shortages, followed in quick order by shortages of heating oil, natural gas, and electricity. With the shortages came price hikes, the effect of which have been an across-the-board rise in the energy prices paid by consumers, and record profits for the energy cartel.

Some of the effects of this price gouging have been well publicized, such as the bankruptcies of two big California utilities, but the greater problem comes from the theft of billions of dollars of cash from households and businesses which are already overloaded with debt, at a point that the economy is visibly contracting.

Those who see their Enron and Dynegy stocks going up might view this as a profitable business arrangement, but it is actually a completely different process. It is an end-game maneuver.

The purpose of this new energy hoax, is to set up the mechanism by which the income stream from energy consumption can be grabbed *after a financial crash*. The essence of deregulation is not competition—the industry is actually consolidating—but the process of inserting financial middlemen between the producers and the consumers, such that the “market” sets the prices and the financial sharks grab a piece of every transaction.

While many Americans have been fixating on their “investments” in the stock market, the financial oligarchy which runs both the financial markets and the energy cartel has been busy increasing their control over the raw materials, strategic minerals, precious metals, and other physical assets, in preparation for a crash. When the bubble pops, the oligarchy thinks that they will be ready.

The good news, is that the very logic of the deregulation scam (drive-up-the-price-and-take-their-money) is blowing up in California; and the blatancy of the “California Effect” is causing citizens and lawmakers across the country, to take a second look. More than half of the 26 states with some form of energy deregulation, now have initiatives to stall, or reverse it. The following is provided as need-to-know background for this process.

Oil Cartel Strengthens Its Grip

Compare the number of major, vertically integrated oil companies active in the United States in 1979, with those active in 1999 (**Table 1**). The mergers of Exxon with Mobil, British Petroleum’s acquisition of Amoco and Atlantic Rich-

TABLE 1

Consolidation and Restructuring in U.S. Oil and Gas Industry

1979	1999
Vertically Integrated	Vertically Integrated
Exxon	Exxon Mobil
Mobil	BP Amoco
Texaco	Chevron
Chevron	Texaco
Amoco	Shell Oil
Gulf Oil	Atlantic Richfield
Shell Oil	USX (Marathon)
Atlantic Richfield	Conoco
Tenneco	Phillips Petroleum
BP America	Amerada Hess
Conoco	Coastal
Sunoco	Fina
Phillips Petroleum	Non-Integrated Producers
Getty Oil	Occidental Petroleum
Unocal	Union Pacific Resources
Occidental Petroleum	Unocal
Union Pacific Resources	Burlington Resources
Amerada Hess	Kerr-McGee
Cities Service	Anadarko Petroleum
Marathon	Non-Integrated Refiners
Coastal	Equilon Enterprises
Ashland Oil	Motiva Enterprises
Kerr-McGee	Tosco
Fina	Ultramar Diamond Shamrock
Non-Integrated Producers	CITGO Petroleum
Burlington Resources	Sunoco
Superior Oil	Valero Energy
	Lyondell-CITGO Refining
	Clark Refining and Marketing
	Tesoro Petroleum
	Energy Services
	Enron
	Williams Companies
	El Paso Energy

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

field, and the pending merger of Chevron and Texaco, have concentrated the power of the giant oil companies to a greater degree than ever. Along the way, these giants have gobbled up a number of smaller majors. Chevron acquired Gulf Oil in 1984, the same year that Texaco bought Getty Oil and Mobil grabbed Superior.

The result is that four companies, ExxonMobil, BP Amoco, Royal Dutch/Shell, and the pending ChevronTexaco, dominate the production and marketing of petroleum products in the United States. They also dominate the production of natural gas, the fuel of choice for all of the new “independent” non-utility electricity generators.

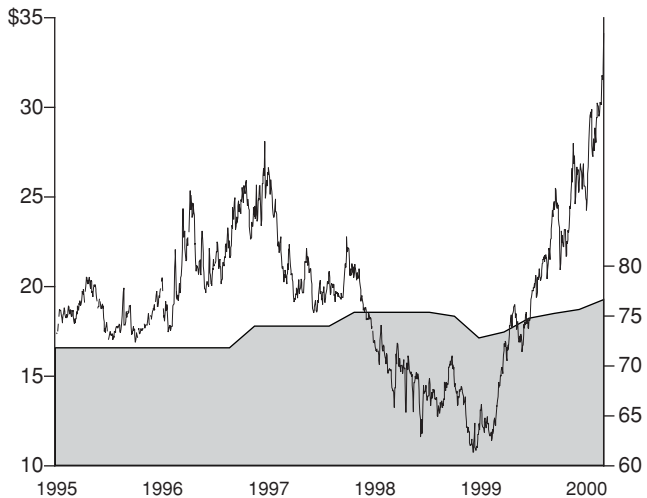
While the number of vertically integrated majors (vertically integrated means they operate in the full spectrum from the wellhead to the end-user) has shrunk, the number of major

FIGURE 1

Oil Price Soars, Regardless of Production Level

Oil price, West Texas crude (\$ per barrel)

World Oil Production Millions of Barrels Per Day*



*Yearly average, 1995-98; quarterly average, 1999-2000 Q3.

Source: U.S. Department of Energy; International Energy Agency.

non-integrated niche companies has increased; they operate in an environment controlled by the new “Five Sisters” (the big four named above, plus France’s TotalFinaElf).

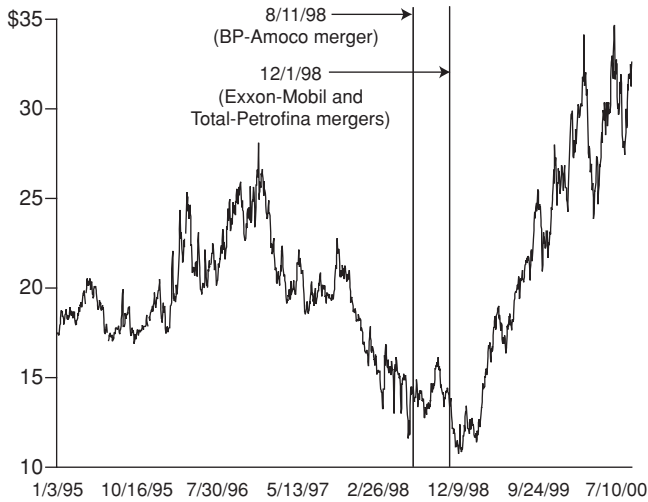
It is illustrative to recall the arguments made during the gasoline shortage last Summer, when the problem was blamed on members of the Organization of Petroleum Exporting Countries (OPEC). Oil in the ground, by itself, has little value. To be useful, that oil must be pumped out of the ground, refined, and distributed. Someone must take the crude oil from, say, the Middle East, ship it to the United States, refine it into the various petroleum and petrochemical products, then distribute those products to the wholesale and retail outlets, from which they are sold to the end-user. This refining and distribution process is dominated by the oil cartel, which gives it great influence over OPEC. The gasoline shortage was blamed both on a shortage of crude oil—of which there was no shortage at all—and a lack of refining capacity, which, to the extent that there was any shortage, was something entirely within the power of the cartel to manipulate.

Look at the relationship between oil prices and world production (Figure 1). One can see that the price of oil rose sharply during a period in which the production of oil was actually increasing, giving the lie to the argument that production shortages were the cause of the price hikes. Now look at the relationship between oil prices and the major mergers (Figure 2). During 1997 and 1998, the price of oil was driven down sharply, triggering a shakeout of some of the weaker players and allowing the better-financed players to move in

FIGURE 2

Oil Price Skyrocketed in Wake of Big Mergers

Oil price, West Texas crude
(\$ per Barrel)



Source: *Wall Street Journal*.

and buy them out. This process culminated in late 1998, with the acquisition by British Petroleum—which already owned Sohio—of Amoco; Exxon’s merger with Mobil; and Total’s combining with Petrofina. After these mergers, the price of oil began to skyrocket, tripling during 1999 and 2000. During the Summer of 2000, the gasoline price hikes began, as did the California electricity crisis.

Energy Sabotage

Of the total energy consumed in the United States today, 39% comes from petroleum, 23% from natural gas, and 22% from coal, with nuclear power accounting for 8% and the so-called renewable sources the remaining 8% (Figure 3). Of the renewable, the burning of wood and waste accounts for 48%, conventional hydropower 46%, geothermal 4%, and solar and wind a mere 1% each.

Of the energy used by electric utilities to generate electricity, 55% comes from coal, 23% from nuclear power, 9.6% from natural gas, 9.1% from hydroelectric power, 3% from petroleum, and 0.2% from geothermal and other (Figure 4).

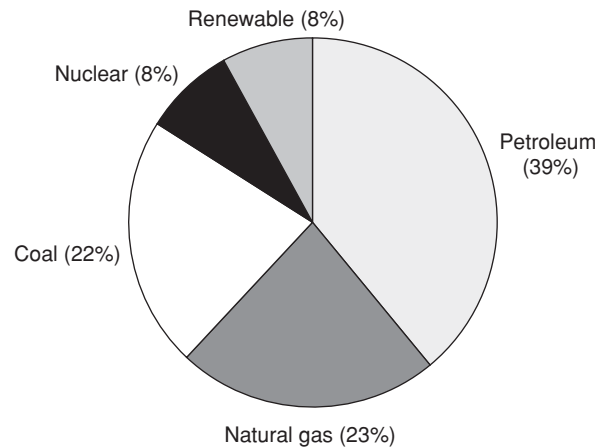
During the 1960s and early 1970s, the United States embarked on a drive to build nuclear plants to generate electricity (Figure 5), with nuclear fission considered to be a stepping-stone to nuclear fusion, with its promise of clean, virtually unlimited power.

Nuclear power has two enormous advantages over fossil fuels. The first is that it had a much higher energy-flux density, opening up a whole new range of processes and technologies capable of significantly increasing the ability of man to trans-

FIGURE 3

U.S. Energy Supply, 1999

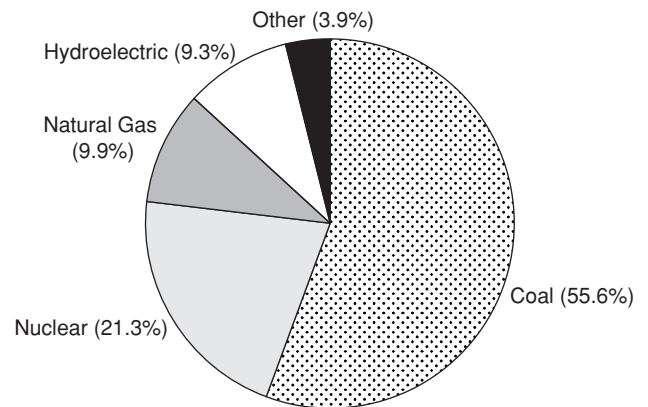
(Percent of Total)



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

FIGURE 4

Energy Used to Generate Electricity By Electric Utility Companies



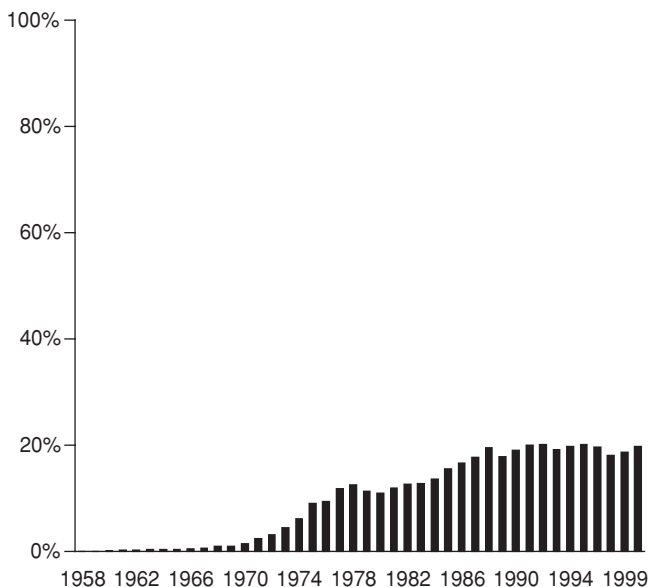
Source: Energy Information Administration, U.S. Department of Energy.

form the universe around him. The second, is that it offers the potential to break the grip of the energy cartel, and with it, much of the power of the oligarchy. Those two advantages, in turn, create the potential for a cultural and scientific renaissance, in which the power of reason would replace the oligarchic law of the jungle.

Recognizing nuclear power as a serious threat, the oligarchy deployed the oil cartel to stop it at any cost. Nuclear power was demonized in both popular culture and scientific circles. Despite the rapid increase in the number of operable nuclear

FIGURE 5

Percent of U.S. Electricity Generated by Nuclear Plants



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

plants during the late 1960s and early 1970s, more nuclear plants were cancelled than were built during the 1970s. By the time of the staged “disaster” at Three Mile Island in 1979, the number of new plants being ordered had slowed to a trickle, and after Three Mile Island, the orders stopped entirely (Figure 6). Under the cover of public opinion, i.e., the oil cartel-financed environmentalist movement, the oligarchy succeeded in throttling one of the greatest technological breakthroughs of the century.

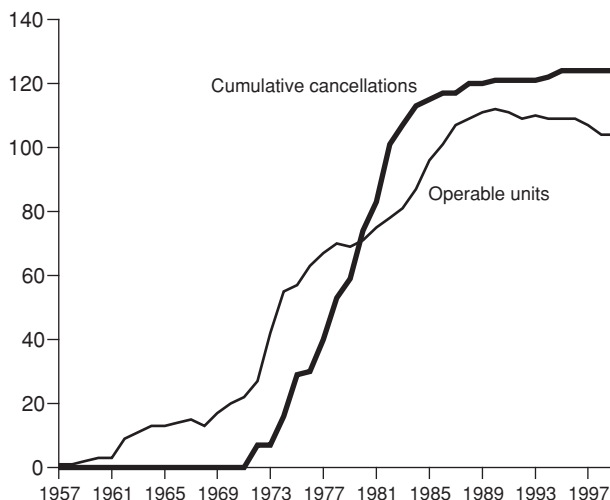
Siphoning Income Streams

The combination of the high-interest-rate policies of Federal Reserve Chairman Paul Volcker, the collapse of the junk bond empire of Drexel Burnham Lambert’s Michael Milken, and the puncturing of the real estate bubble in the late 1980s, left the U.S. financial system bankrupt at the end of the decade. Holding trillions of dollars of unpayable debt but unwilling to write it off, the financiers jumped whole-hog into derivatives and other forms of speculation, rolling over the existing unpayable debt into even bigger mountains of debt. To finance just the interest payments on the debt required huge quantities of money; some of that money was created out of thin air, some came from the Fed’s money pump, and the rest came from diverting income streams into the bubble.

Some of these income streams came from money earmarked for infrastructure projects, wages, research and development, and essential public services, such as health, educa-

FIGURE 6

Nuclear Operable Units vs. Cancellations



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

tion, energy, and other necessities of life. Corporate structures were reorganized to facilitate this looting: health maintenance organizations were created to grab chunks of health-care expenditures, and the utility system was deregulated to allow the grabbing of the electricity income stream.

The effect was to loot the physical plant and population of the nation, to feed the bubble. Not only did this process make the bubble bigger, but it cannibalized the productive sector of the economy, the very sector which would ultimately be called upon to pay for the financial claims. With the financial claims growing, and the ability to pay those claims shrinking, it was obvious to anyone not caught up in the financial feeding frenzy that the system must ultimately collapse.

Electric Shock

During the mid- and late-1990s, the oligarchy began covertly increasing its control over physical assets, in preparation for the inevitable financial collapse. Some of this was quite bloody, such as the wars in places like Rwanda and Burundi, which had the misfortune to be sitting atop the Great Rift Valley in Africa, one of the world’s richest veins of minerals and metals. Other mineral belts were taken over by narco-terrorists or other insurgent movements, and yet others were taken over through less-bloody corporate mergers and acquisitions.

In the United States, the asset grab was largely done through mergers, price manipulation, and deregulation. It is from this standpoint, that the current “California” crisis can be understood.

Since the passage of the Energy Policy Act of 1992, the electricity industry in the United States has been radically re-

structured.

Prior to this restructuring, electric utilities were given the right to generate and distribute electricity to homes and businesses within a specified service area. Some of these utilities were public companies which issued shares in the stock market, some were owned by state and local governments, some were owned by cooperatives, and some were Federally owned. With the right to provide power to a specified area came certain responsibilities, such as providing sufficient and stable power, timely repairs after weather-induced and other outages, and controlled rates, with prices based upon the costs of production and distribution plus a reasonable profit. The system was not perfect, but it functioned quite well.

The problem with such regulated utilities, according to the financiers, is that they generated their own power (at least the bigger ones did; some of the smaller utilities were just distributors, buying power from their larger neighbors) and sold it to their own customers, without a dollar of that cash flowing through Wall Street in the process. If the utility was a public company, the Wall Street financiers could own a piece of the company, could pressure it to pay higher dividends and take other steps to boost its stock price, but they couldn't touch the rate payments.

The Energy Policy Act of 1992

Enter the Energy Policy Act of 1992, which began the process of opening up the electric utility industry to various forms of speculation and looting. The basic idea of deregulation is to abolish the cost-plus-profits pricing structure and replace it with a form of spot market, where the price is set through financier-run, "whatever the market will bear" trading exchanges. In this way, the financiers and the energy cartel can divert a percentage of the billions of dollars Americans spend on electricity each year, into their own pockets. Deregulation also paves the way for a rapid consolidation among the utilities, where the cartel's favorites can gobble up the rest.

Both of these processes are occurring at an escalating pace.

In 1992, according to a U.S. Department of Energy study, the ten largest investor-owned utilities (that is, a traditional, publicly owned regulated utility) owned 36% of all investor-owned utility-held generation capacity, and the 20 largest IOUs owned 56%; by 2000, the ten largest IOUs owned 51% of all IOU generation capacity, and the top 20 owned 73%. But this is just part of the picture, since many IOUs are divesting themselves of their regulated generation capacity, and transforming themselves into unregulated merchant generators, also called Independent Power Producers, or IPPs.

The December 1999 Department of Energy study included data (see **Table 2**) showing the ten largest IOUs, ranked by generating capacity, in 1998. This table is already obsolete, because of mergers and divestitures of generation capacity. FPL Group, the holding company for Florida Power & Light, is merging with Entergy Corp. Chicago's Unicom, the former Commonwealth Edison, has merged

TABLE 2

Ranking of the Ten Largest IOU Companies, By Ownership of Generation Capacity, 1998

Company	1998 Ranking
Southern Company, Atlanta, GA	1
Entergy Corp., New Orleans, LA	2
American Electric Power Company, Columbus, OH	3
TXU (formerly Texas Utilities Company), Dallas, TX	4
Unicom (formerly Commonwealth Edison), Chicago, IL	5
FPL Group (Florida Power & Light), Juno Beach, FL	6
Duke Energy Corp., Charlotte, NC	7
First Energy, Akron, OH	8
Reliant Energy (formerly Houston Industries), Houston, TX	9
Dominion Resources, Richmond, VA	10

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

with Pennsylvania's PECO Energy to form Exelon. First Energy is merging with General Public Utilities of New Jersey, and Carolina Power & Light is merging with Florida Progress. These mergers represent mergers between holding companies which own regulated utilities, rather than between the regulated utilities themselves. This is an important distinction, since local regulations still apply regardless of changes in the holding companies, but under current policy trends that protection is fading.

Despite the pace of the mergers, IOUs are divesting themselves of regulated generation capacity at unprecedented rates. Between 1997 and September 1999, according to the Department of Energy, 51 IOUs (32% of the 161 IOUs owning generation capacity) have sold off, or are in the processing of selling, 133 gigawatts of electric generation capacity, representing some 17% of total U.S. generation capacity. Of that 133 gigawatts, as of September 1999, 34% had been sold to outside buyers, 24% represented sales in progress, 23% was up for sale with no buyer found, and 19% had been transferred from the regulated subsidiary of a holding company to an unregulated subsidiary of the same company. That is, the holding company moved its regulated generation capacity into a merchant, or IPP, subsidiary, where it would be free to sell its electricity at the higher spot-market prices.

Topping the list of divesting companies is Dominion Resources, based in Richmond, Virginia (**Table 3**). Dominion Resources is the parent of Virginia Power, a regulated utility. Dominion Resources is transferring all of the generation plants of Virginia Power into an unregulated subsidiary, Dominion Generation. That this shift occurs as Virginia prepares to implement its deregulation plan, is doubtless no coincidence.

The two California utilities on the list, Pacific Gas & Electric and Southern California Edison, were required by Califor-

TABLE 3

List of The Ten Largest Investor-Owned Utility Companies Divesting Generation Assets, as of September 1999

Utility	Generation capacity divested (gigawatts)
Dominion Resources (Virginia Power)	13.3
Unicom (formerly Commonwealth Edison)	11
Pacific Gas & Electric Corp.	10.8
Southern California Edison	10.4
Consolidated Edison	7
General Public Utilities System	6.9
Potomac Electric Power Co.	6
Niagara Mohawk Power	5.3
Illinois Power	4.7
Duquesne Light	4.4
Total Capacity	79.8

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

nia's deregulation policy to sell 50% of their fossil-fuelled generation capacity, and have actually sold off closer to 70%. But both of these utilities, through their holding companies' IPPs, have been among the top ten acquirers of generation capacities outside their service areas.

In fact, eight of the ten companies which had acquired generation assets from regulated utilities as of September 1999, were holding companies which owned regulated utilities. The two exceptions were AES, an IPP founded by officials of Prince Philip's World Wildlife Fund, and Sithe Energies, a company partly owned by Vivendi, a French company active in the water privatization market in the United States, and which recently acquired the Bronfman gang's Seagrams.

In addition to the mergers and generation sales among IOUs and IPPs, there are the convergence mergers between electric and natural gas companies. From 1997 through September 1999, there were 20 convergence mergers involving companies with assets of a half-billion dollars or higher.

In 1997, Houston Industries, the holding company for Houston Lighting & Power, bought NorAm Energy, a natural gas company, and changed its name to Reliant Energy. Today, Reliant, whose board includes former Bush Administration Secretary of State James A. Baker III, is the second-leading seller of unregulated electricity in California, after AES. Baker's law firm, Baker & Botts, plays an important role in pushing deregulation.

Also in 1997, Charlotte, North Carolina-based Duke Power bought PanEnergy Corp., a Houston-based natural gas company, creating Duke Energy. Duke is also a major seller to California.

Dynegy, yet another Houston-based company, is a natural gas company which bought Illinova, an Illinois electricity and

gas utility. Dynegy, which is 29%-owned by Chevron, also owns unregulated power generation facilities in California.

Too Cheap To Meter

That the intent of the energy pirates is to charge as high a price as they can get away with, has been made clear. In Texas, where the deregulation bill is considered by President George W. Bush as a model for a hoped Federal deregulation bill, the mask of "lower prices" has been dropped. Pat Wood, III, the chairman of the Public Utility Commission of Texas, recently told the *Washington Post* that it is politically reckless to promise that deregulation will lower electricity prices. "The best thing you can promise is that the price you'll pay in a competitive market will be less than you'd pay under regulation," said Wood, the former Baker & Botts attorney appointed to his position by then-Governor Bush.

Dynegy, in a Nov. 22, 2000, filing with the Federal Energy Regulatory Commission, stated that "in order for market-based rates to work, the prevailing prices must be sufficient to attract new investment." Dynegy suggested that, given the "scarcity of generation in California," the concept of a "legitimate scarcity rent" should apply. It added that the generators must set their prices "based on their forward-looking perceptions of their opportunity costs" in ways which "maximize value."

Reliant Energy official Joe Bob Perkins told the Jan. 9 *Washington Post* that if the welcome mat is out, the generators will respond, but if California officials don't ensure profitable investment in future plants, "nothing new will be built."

Contrast this "pay up or else" situation with what might have been, and what could one day be, were the U.S. government to bring the speculators to heel, and launch a crash program to build nuclear power plants.

With nuclear power, electricity could indeed be too cheap to meter, with flat rates based upon building size and use (the need to install and monitor usage meters, and calculate bills based on those meter readings, represents a significant cost to the utilities, a cost which could be eliminated with proper generation technologies).

Not only should electricity be too cheap to meter, there should be no such thing as a shortage. Despite what the "environmentalists" say, we should not be conserving electricity, but using more of it. One of the measures of economic progress, is the increase in energy consumed per household, per capita and per square kilometer. Rather than turn off our air conditioners during a heat wave, or turn off our heaters during a cold snap, as we are advised to do by today's "experts," we should generate enough energy to make such foolishness unnecessary. Not only should we have the generating capacity to cover today's maximum usage, but we should have extra capacity to cover tomorrow's scientific breakthroughs. The challenge should not be in getting through the day without blackouts, but in finding useful new ways to use energy to increase the productive power of human labor and raise the standard of living of our population.

Debt Relief and New Bretton Woods: Italy's Leadership Discussed in Milan

by Liliana Gorini

On Jan. 15 in Milan, the Italian Solidarity Movement's conference on "Debt Forgiveness and the New Bretton Woods" heard presentations by Lyndon LaRouche, Italian government Minister Patrizia Toia, and Rep. Giovanni Bianchi. Attended by over 100 students, industrialists, press representatives, and political activists at Milan's Catholic University, the conference also heard contributions by two professors resident there. The meeting represented an important step in the effort to use Italy's moral leadership on the question of Third World debt, to raise the pressure for the New Bretton Woods conference that LaRouche calls for.

The roundtable was co-sponsored by the Institute of Economics Studies of that University and by the Association of Banking and Stock Exchange Studies. LaRouche's brief intervention (see below), read by Liliana Gorini, was complemented by the full presentation of Paolo Raimondi, president of the Italian Solidarity Movement, who spoke on the New Bretton Woods as the only alternative to the present financial

disintegration. Representative Bianchi had the Italian Parliament approve unanimously a legislation for debt relief for the poor countries last July. Mrs. Toia, federal Minister for Relations with the Parliament, emphasized the key role played by Italy last year to solicit a debate on reforming the world financial and economic system.

Other speakers at the roundtable were Prof. Francesco Casetti, vice-dean of the Catholic University; Prof. Luigi Campiglio, professor of economics; and Prof. Riccardo Moro, who coordinated the efforts of the Italian Bishops Conference to cancel the Italian debt toward the two African countries of Zambia and Guinea—transforming it into new investments for urgent development projects—efforts undertaken in the context of the Pope's call for debt relief for poor countries in the 2000 Jubilee year.

In her speech, Minister Toia refers to the discussions Mr. LaRouche had with her in Rome last July. LaRouche was in Rome again in October, 2000, when he was invited by Hon. Giovanni Bianchi for an informal hearing at the Foreign Committee of the Italian Parliament on the world financial and oil crisis. At that time, he talked to members of Parliament involved not only in the legislative proposal for debt relief to the poor countries, but also in a number of motions for a New Bretton Woods which were introduced at the Italian Chamber of Deputies and the Italian Senate (see *EIR*, Oct. 27, 2000).

This confirms the particular role taken by Italy, in the Jubilee year, as the "conscience of Europe," as LaRouche himself put it when addressing the Foreign Committee at the Italian Parliament in Rome. In his speech to the Milan conference, Hon. Giovanni Bianchi, who could not attend personally because he was in Libya with a delegation of the Foreign Committee, empha-



Participants at the conference at Catholic University in Milan on Jan. 15: Lorenzo Gaiana (reading a statement by the Hon. Giovanni Bianchi), Italian Government Minister Patrizia Toia, Liliana Gorini and Paolo Raimondi of the Italian Solidarity Movement, and Prof. Riccardo Moro.

sized the fact that in the fight against the effects of globalization, and for a just world economic order, “the name of Lyndon LaRouche has become a household world in Italy.”

One of the important aspects of the legislation on debt relief approved by the Italian Parliament last July, and put into effect by the Italian government only two days before the Milan conference, is that it asserts a certain independence of decision of Italy, as a sovereign country, in respect to supranational institutions such as the Group of Eight, Club of Paris, the International Monetary Fund, and the World Bank.

LaRouche on Urgent Debt Reorganization

Lyndon H. LaRouche, Jr.’s memo to the Milan Conference on “Debt Forgiveness and the New Bretton Woods,” was written on Jan. 9, 2001, and read to the conference on Jan. 14.

I greet the conference, on the subject of Debt Relief and the New Bretton Woods” being convened at Milan’s Catholic University on Jan. 14, 2000.

I think it important, for this occasion, that I emphasize that the present world financial and monetary system is now already hopelessly bankrupt in its present form. Only by putting that system, and most among its associated central banking systems into bankruptcy reorganization, could a viable form of monetary order continue to exist on this planet.

This means that the following measures must be included as an absolute precondition for the existence of viable world monetary and financial order.

1. The cancellation of claims to the most disreputable categories of nominal debt, such as financial derivatives and junk bonds, which are to be adjudged morally as claims of the same nature as gambling debts.

2. The freezing of principal and accruals of interest on much of the world’s total debt, and forgiveness of large portions of such debt, as practical and moral considerations dictate.

3. The reorganization of the world’s monetary and financial structures in a manner consistent with the lessons of the immediate post-war decades: a new monetary system whose design is pivoted upon a system of long-term credit and trade agreements in the range of twenty to twenty-five years, at prime interest costs not in excess of between 1% and 2% simple interest per annum in agreements between sovereign national states.

4. A matching array of fixed exchange-rate parities among currencies, buttressed by capital controls, exchange controls,

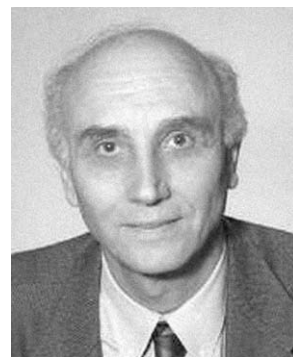
and financial regulation, consistent with the experience of the original Bretton Woods system’s initial two decades of operation.

5. The creation of large volumes of credit by sovereign nation-states, for the purpose of promoting those investments both essential forms of public infrastructure and related hard-commodity private investments needed to bring levels of employment and output up to levels of sustainable long-term physical-economic growth.

The great danger today, is presented by the hysterical demand, especially from implicitly self-ruined financier interests, that their financial claims be honored promptly and in full, with disregard for the effects of such demands upon the victims of such usurious policies. If such demands are not resisted by aid of the kinds of reforms I have indicated, this planet will be plunged into a protracted new dark age for humanity as a whole. By submitting to hysterical demands of such as those self-ruined financier interests, great empires of the past have been left, shattered, in the sands of the desert their empires have become. In such matters, it is the common good which must prevail.

Rep. Bianchi: ‘There Is No Time To Lose’

Hon. Giovanni Bianchi’s presentation to the Milan Conference, “Debt Forgiveness and the New Bretton Woods,” was read on Jan. 14. He is a member of the Foreign Affairs Commission of the Italian Parliament. Here are excerpts.



Globalization is above all the land of promises, and in particular, the promise of greater prosperity for all countries on Earth: a promise which seems just as mythical as that of the socialist paradises promised by Soviet propaganda in its glorious times, something which will certainly happen at an undetermined, future point. In the meantime . . . , well, in the meantime four-fifths of the world’s population live below the poverty level, some of them drastically below it, and there is an entire continent, Africa, which is perennially on the verge of seeing its population eliminated entirely by its numerous endemic demons, which have names such as AIDS, hunger, wars, famine. . . .

The G-8, in its annual meeting at Okinawa, found nothing

better to offer the poorest countries of the world than a recipe based on . . . the Internet. A decision which may favor some multinational company and fit the interests of Japan, which hosted the summit. But it means proposing the latest invention of modern communication science to people who often have neither water nor electricity. . . .

Above all, this proposal goes against one of the criteria upon which debt relief is based: Such relief must go in the direction of favoring the reduction of the gap between rich and poor (it may be better to say, between governing elites of highly indebted countries and the great mass of populations which are at risk of dying of hunger). This means favoring the creation of infrastructure: dams, bridges . . . and plans for education and professional formation. . . .

The Catholic Church and the Debt

The true contradiction, the crux of the problem, lies in the fact that the tools of politics “calibrated” as they are for the national level, are rendered de facto incapable of governing phenomena which, for their very nature, happily transcend borders, moving very large (although also virtual) sums of money from one part of the world to another in a fraction of a second. The only actor which is still able to act with a global dimension in terms of confronting the strategists of the global capitalists, is the Catholic Church, in all of its articulations, from Alex Zanotelli to the frontiers of humanity, all the way to the elderly Pope in St. Peter’s Square.

It was precisely the Pope, who, in his speech to the diplomatic corps last Jan. 13 [2001], recalled a very simple truth; that we can’t go on like this: that a situation in which wealth, culture, and health are confined to a small global elite (and, let’s be explicit, we Italians and Europeans are part of this elite) while the rest of the world is drowning in hunger, desperation, AIDS, and other endemic diseases. The fight against poverty therefore becomes a global political program which today appears both the most realistic and the most difficult, in an epoch in which—and this is the true moral evil—the dollarization of every value and every dignity is the true spirit of the times.

It is important that the Pope was immediately echoed by an important director of the United Nations such as Staffan De Mistura [UN representative in Italy], who, quite honestly, recognized the impotence of his organization in attempting to contribute substantially to this fight. And it couldn’t be otherwise, I think, given that the UN is the expression of the governments which, in turn, are heavily conditioned by transnational economic interests.

Politics can only work partially, and it is in this perspective that the law on foreign debt was developed, which I had the honor and the responsibility of presenting to the Chamber of Deputies: a law which attempts to adapt the needs of a onetime cancellation of debts which some countries had with Italy, and the indication of the basic criteria to be used (that is, including international cooperation, among other things)

when dealing with the indebted countries in the medium term. . . .

If we take a more general view of the issue, we can say that the current period, for the social and political forces of the progressive and reform area, is and will be for some time, more a period of resistance than one of proposals, at least until the strategic question of the possibility of a political and social action which moves to a global level is resolved. (And smashing windows in Prague or Nice is certainly not the best method to accelerate this process.) In the meantime, the old motto of “think globally, act locally” is still extremely current: There are many ongoing initiatives on the theme of globalization and the fight against social injustice around the world. These mobilizations are the result of the energy of associations, parishes, missionary groups, but also of regions, provinces and towns, and names such as Serge Latouche, José Bové, Jeremy Rifkin, Riccardo Petrella, and now, also Lyndon LaRouche, who are now integral part of the debate in our country.

It’s necessary to help this still nameless movement develop a strategy, and construct, step by step, a grid defining its objectives: There is no time to lose.

Minister Patrizia Toia

Students Must Debate The International Debt

We publish here an excerpt of the speech by Patrizia Toia, Italy’s Minister for Relations with the Parliament, to the conference on “Debt Forgiveness and the New Bretton Woods,” on Jan. 14, in Milan.



I must say that I am very pleased, I must say it openly, to speak about these problems in a university environment, because I, too, believe that the universities, as places of study, research, and where culture is formed and there is time for reflection, can represent very strong instances in the creation of a vast movement. A movement of public opinion, in the most qualified sectors of public opinion, so that these themes do not remain confined to, or only the responsibility of, governments and parliaments, or of merely a small circle of persons or associations. Today, the Church

LaRouche to Nader: Voodoo Won't Save California

Lyndon LaRouche, who has announced his intention to seek the Democratic Presidential nomination in 2004, issued the following statement on Jan. 23, in response to Ralph Nader's demand that California Gov. Gray Davis "let the state utility companies go bankrupt."

The voodoo trick, of suffocating and burying a man, and resurrecting him as a zombie, is not the way to improve the performance of California's energy deliveries to its people and institutions.

You may not like the choice of George W. Bush as President, but, you must act as I do in this matter. He is the President, and we must not forget that his problems may become, more or less automatically, those of our nation as a whole.

This new President has done, as I had stated my fears on this point before his inauguration. He has, for this moment, painted himself into a deadly political corner on the California energy-crisis. He is presently trapped, at least for the moment, in a choice between Enron's profits from its looting of our nation's energy sector, and a collapse of a state economy, that of California, equal to that of the sixth largest nation of the world, and the most developed part of our U.S.A. Therefore, our new President's stated position on the matter, if he sticks to it, could be, even probably, the blunder which detonates a chain-reaction collapse of the already tottering and financial-derivatives-bloated world financial system.

We must re-regulate the existing industry, and reestablish the rule of the general welfare of the nation and population as a whole. We must save the industry, not lurk like voodoo priests, waiting for the time to call the dead to rise from out of the cemetery. We must act to save the industry and its service to the general welfare now, before President Bush's recently stated wrong-headedness on the issue, if uncorrected, sinks his Presidency, virtually at its start.

acts not only on the level of teaching: it is enough to read the Pope's messages of Jan. 1, or his Jan. 13 message to the diplomatic corps, a message in which he speaks to the world, to nations, to governments, to the countries of the world, but also to the supranational institutions and all the world which wants to hear.

But this world which mobilizes is still too limited, and I believe, though I say it with the full responsibility of the institutions, that if something more, something more advanced is to be mobilized, it must come from civil society. Then there will be institutional realities ready to act, but if this movement doesn't exist, if there is not a sense of interpreting a widespread will, then the risk is that some steps forward may be taken, but, as you know, moving forward in international situations is extremely complicated and slow. . . . It seems that time has two dimensions: the normal dimension, that of reality, where people die of hunger, that of children, and, on the other side, there is the world of diplomacy, of the agreements and their slow progress.

It is important, therefore, that in the university environment (good for the people who organize and allow these meetings!) there is debate, and qualified opinion is formed among students, teachers, and the people who gravitate around the university. . . .

I like to underline, especially for young people, and not because I want to sing the praises of the Parliament and the government, but to say that Italy, on the whole, moved because there was a public opinion which pushed us to move. The movement that there has been in Italy for a few years

now, the Jubilee campaign, the campaign by the Catholic Church, have made an important point, and this has been recognized. And you should also see—I'll cite this historical parallel, about the movements and the associations—an important step was taken at the [1999] G-8 summit in Cologne, when the associative movements, Msgr. Charrier for Italy, went to the eight great countries to say, "with this document, we say that the initiative under way today, at the level of the IMF, for the highly indebted countries, is insufficient," and in that summit a decision was made. So there is a track in which official institutions and international voluntary institutions confront each other.

Now, Italy has passed a law which everyone sees as advanced. The government proposed the law, the Parliament improved it, in my view. The speaker on the law in the Parliament was Giovanni Bianchi, who played the strongest role. What I did, was to reject an amendment proposed by one of my colleagues in the government, who didn't accept certain aspects. These aspects, which were then kept in the law, had to do with the fact that our law is good not merely because it established a large amount for the reduction or elimination of the debt, but because it has certain passages which say that Italy can go at a faster pace, with a schedule and also a form that is different than those of the Paris Club. . . . This is the law of the Parliament. Naturally, some people at the Treasury Ministry said, "No, it's not possible, we have to follow the reforms," and to me, it seems that, to the contrary, this proposal of the Parliament, which I signed onto, was the sign that it is possible to do more. . . .

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.

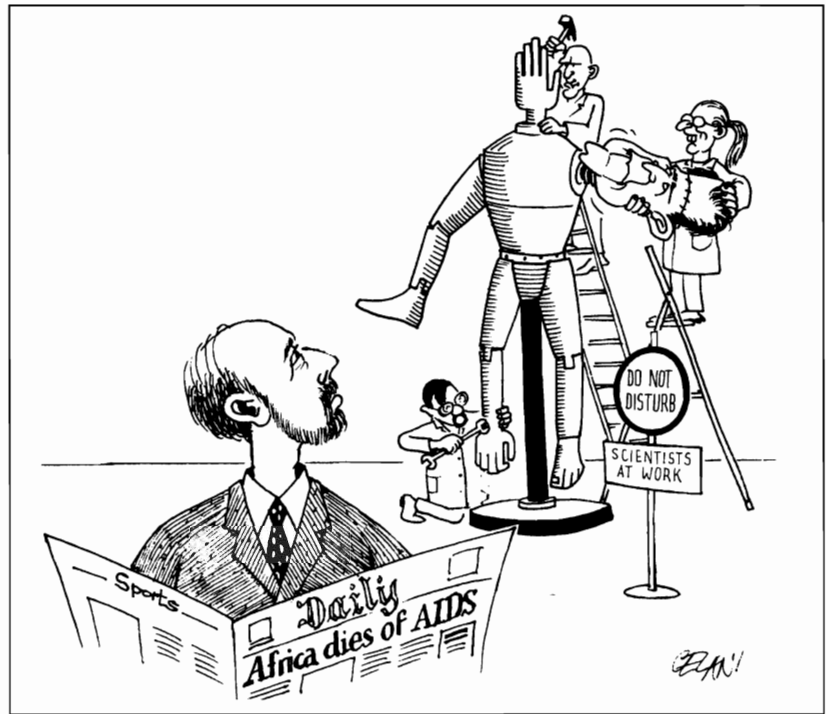


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Free-Market Economics Is the Last Thing American Agriculture Needs

by Marcia Merry Baker

The following “Testimony to the Agriculture Committee of the U.S. Senate in Opposition to the Confirmation of Ann M. Veneman as Secretary of Agriculture” was submitted by EIR on Jan. 24.

Chairman Lugar, and Members of the Committee,

The agriculture and food supply sectors of our economy — along with all other vital sectors and infrastructure — are presently in worsening crisis, *of a systemic, not a cyclical nature*. What is required, is urgent intervention to restore traditional policies serving the general welfare — such as parity pricing, debt moratorium, anti-trust action, and specifically, energy re-regulation, for which there are ample precedents.

The demand is growing rapidly for national-interest emergency measures. Specifically, *EIR*’s Founding Editor, Lyndon LaRouche — now a newly announced candidate for Democratic Presidential nominee in 2004 — has forewarned of today’s crisis, and is mobilizing for return to the FDR-style approach to get out of disaster.

The opposite approach — sticking to the so-called “market forces,” deregulation, globalization, free trade policy — is now blowing up in California, in the food chain, and internationally.

The Bush Administration Cabinet nominations — especially John Ashcroft, as well as the economic team appointments — are all associated with commitment to these very policies which led to the current crisis. We oppose Ann Veneman as Agriculture Secretary for that reason. Below we summarize the scope of the crisis, and the necessity of replacing the destructive and disintegrating free-trade approach, which she has backed, with national-interest agriculture and trade policies.

There is one overall point to be stressed: This is no “ordinary” period of clash of policies regarding agriculture and all other economic policies. The financial and economic *system itself* is at the breakdown point, and insistence on the policies which contributed to that — and which won’t work, presents the conditions for imposed crisis-management, with the threat

of police-state emergency measures of the type of Hitler’s 1933 *Notverordnung* (rule by emergency decree).

LaRouche: Financial System Is Disintegrating

Lyndon LaRouche described both the nature of the crisis, and what must be done, in a Jan. 9 memorandum to a policy conference in Milan, Italy, Jan. 14, on “Debt Forgiveness and the New Bretton Woods.” He wrote:

“I emphasize that the present world financial and monetary system is now already hopelessly bankrupt in its present form. Only by putting that system, and most among its associated central banking systems into bankruptcy reorganization, could a viable form of monetary order continue to exist on this planet.

“This means that the following measures must be included as an absolute precondition for the existence of viable world monetary and financial order.

“1. The cancellation of claims to the most disreputable categories of nominal debt, such as financial derivatives and junk bonds, which are to be adjudged morally as claims of the same nature as gambling debts.

“2. The freezing of principal and accruals of interest on much of the world’s total debt, and forgiveness of large portions of such debt, as practical and moral considerations dictate.

“3. The reorganization of the world’s monetary and financial structures in a manner consistent with the lessons of the immediate post-war decades: a new monetary system whose design is pivoted upon a system of long-term credit and trade agreements in the range of twenty to twenty-five years, at prime interest costs not in excess of between 1% and 2% simple interest per annum in agreements between sovereign national states.

“4. A matching array of fixed exchange-rate parities among currencies, buttressed by capital controls, exchange controls, and financial regulation, consistent with the experience of the original Bretton Woods system’s initial two decades of operation.

“5. The creation of large volumes of credit by sovereign

nation-states, for the purpose of promoting those investments both essential forms of public infrastructure and related hard-commodity private investments needed to bring levels of employment and output up to levels of sustainable long-term physical-economic growth.

“The great danger today, is presented by the hysterical demand, especially from implicitly self-ruined financier interests, that their financial claims be honored promptly and in full, with disregard for the effects of such demands upon the victims of such usurious policies. If such demands are not resisted by aid of the kinds of reforms I have indicated, this planet will be plunged into a protracted new dark age for humanity as a whole. By submitting to hysterical demands of such as those self-ruined financier interests, great empires of the past have been left, shattered, in the sands of the desert their empires have become. In such matters, it is the common good which must prevail.”

The Agriculture and Food Crisis

For the purpose of considering, what the policy direction should be, of the U.S. Agriculture Department, and of related government agencies, we here present three summary points about the U.S. and world agriculture situation: 1) world food supplies are short, and means of production are declining; 2) the U.S. energy crisis, on top of the pre-existing farm crisis, threatens unprecedented food shortages; 3) the financial system breakdown, spells the end of the dollar-trade system, and return to national-interest economics, or chaos.

1. *World Food Shortages.* As of the 1990s, world grain output per capita, has been in decline. This Winter, the UN Food and Agriculture Organization, has issued appeals for emergency food aid for 1 million people in Afghanistan and Pakistan; and for millions more, from Ecuador, to Sudan, to North Korea. Most of these appeals are not met. Tonnage of grain annual food aid is declining. Total world grain output—which to meet per-capita needs should be in the range of over 3 billions of tons, is still under 2 billion tons. There is no technology problem here; it is a policy crisis.

Apart from severe natural disasters, the overall shortages in output, such as in Africa and in South America, come from the degradation of the means of production—absence of infrastructure, inputs, water, and equipment. During the GATT/WTO years since the mid-1980s, agriculture commodity cartels—centered mainly on Anglo-Dutch-Swiss financial interests, have imposed extensive networks of plantation and “industrial” agriculture—for commodities ranging from frozen vegetables, to flowers, to milk protein concentrate. These cartel networks reign over international trade flows in these goods, over and above the interests of nations and peoples.

In the United States, the degree of consolidation of control of the food chain is now notorious. Besides the mega-mergers leading to the domination of livestock production and pro-

cessing, and the Cargill-Continental merger and other instances, there is the retail food trade control. As the National Farmers’ Union latest report (Jan. 8) shows, five firms now take in 42% of retail food sales in the United States (Kroger, Albertson’s, Wal-Mart, Safeway and Ahold USA).

Going along with this intense concentration, there has been a rapid decline in the farm states, of independent family-farm operations, supply stores, elevators, and all other farm community essentials, including railroads, hospitals, etc.

Thus we are seeing a situation where the farmer is underpaid for his commodity, and the family-farm system is taken down, while the consumer pays more and more. We can see low grain prices to the farmer, while bread prices can go through the ceiling. This is the recipe for disaster.

2. *California Energy Crisis Impact on Food Chain.* When in 2000, the U.S. farm sector had added onto its below-parity commodity price levels, the soaring energy costs of production (natural gas, propane, electricity, surcharges on rail, nitrogen fertilizers, etc.), a full-scale food supply crisis was automatically in the making. How this works is clear from the unfolding California situation.

California is the foremost state in value of agriculture output, accounting for some \$25 billion, out of the nation’s \$189 billion in agricultural production in 1999. The state has a gigantic food-processing sector—ranging from dehydration plants, to canneries and yogurt factories. Most of these use natural gas, and many are simply shutting down. The national impact on the food chain, as well as on communities in the state, will be disastrous.

In Tulelake, Calif., for example, the potato-flake plant was closed on Jan. 20, for the second time in a month, because of the 16-fold increase in monthly natural gas bills, and then on top of that, the January 10% electricity rate hike. These dried potatoes go out of state to users such as Cincinnati-based Procter & Gamble, for processing into mashed potatoes, chips, and other products.

California is the biggest milk-producing state, accounting for 20% of all U.S. dairy products. The dairy industry accounts for some \$4.3 billion a year. It is now in crisis. California Dairies, Inc., the nation’s second-largest farmer-owned cooperative, expects farmers’ power costs to rise at least ten-fold this winter.

The Land O’Lakes Western Region milk plant—the largest in the United States—is in Tulare, California, and electricity stoppages there have resulted in milk dumping and disruptions. The same situation obtains at other plants, but concentration of food processing at “industrial-sized” centers, such as this facility, which occupies a six-block area, means that when such a center is hit, the food chain is automatically jeopardized. The Hilmar Cheese Co., in Hilmar, in the Central Valley, is the world’s largest cheese factory. It now has been hit by power outages and operations disruptions. The company also faces December natural gas bills 47%

higher than December a year earlier.

Besides the dramatic developments in California—especially in dairying, involving a highly perishable commodity—the direct impact of the energy crisis on basic grains is equally severe. Nitrogen fertilizer scarcity and high prices are now a national farming emergency. Coming on top of last Fall’s winter wheat crop being the smallest are since 1956, and needs for fertilization planning for corn and spring wheat, emergency intervention is required.

Yet, what has been the Bush Administration stated approach to “California” and the “energy crisis”? That so-called “market forces” must rule. Besides the stupidity of this reflex-reaction response, there is the scandal of the fact that the Bush campaigns themselves, and prominent Administration-related political figures, such as James Baker III, not merely Richard Cheney, are themselves directly benefitting financially from the energy companies (Enron, Dynege, Reliant, and many others), and other commodity companies (food, minerals, etc.) making a killing off the economic breakdown. This is no garden-variety “conflict of interest.” This is a policy threat to the nation.

3. “Dollar Era” Trade Patterns Now at Collapse Point. One point deserves special attention, regarding Ms. Veneman’s stated commitment to “expand U.S. agriculture exports,” and similar sentiments. The essential fact is, that the entire financial system is disintegrating. In this context, Ms. Veneman’s views relate to a bygone era. Even worse, she is from California, and ought to be able to appreciate the degree of crisis, and not resort to reflex reactions.

What is the former era? Whereas, for many years, the U.S. became increasingly import-dependent for necessities (clothing, electronics, producer inputs, etc.), as shown in the whopping monthly trade deficits; and whereas, at the same time, the U.S. offered a casino of hyper-profits to be made on the stock exchanges, real estate, futures, derivatives, and all kinds of speculation. Now these bubbles are bursting. First the Nasdaq info-tech one; then the \$670 billion category of junk bonds. And now the \$400 billion category of U.S. utilities debt is teetering on blow-out. The biggest bubble of all—derivatives, some \$29 trillions of which contracts are held by U.S. banks—is ready to burst. This will obliterate the financial system as it has been known. Going down with it, are currency values, trade patterns and all else.

In the face of this, many traditional trade partners, are viewing the United States with horror—especially hearing talk of “expanding exports” and such repetitions of from-another-planet nonsense. Some countries are moving to form new trade blocs in their own interests, such as the 13 nations called ASEAN+3 (Southeast Asia plus Japan, China, and South Korea).

Therefore, the only “realistic” approach in the United States, as Lyndon LaRouche is known for around the world right now, is to set in motion internationally a set of new,

stable currency relations, and other aspects of a “New Bretton Woods” financial system to serve national-interest trade and economic development. And domestically—as the food and agriculture sector proves dramatically—to recognize the crisis and act on that.

The kind of emergency measures required, include:

1. Act immediately on the energy crisis, through re-regulation, and launching of construction of new generating capacity. Right now, prioritize energy provision for farm, food and other essential operations.

2. Restore parity-based pricing, on the principle of the standing 1949 Agriculture Act; nullify the destructive 1996 “Freedom to Farm Act.”

3. Take necessary financial relief measures, to revitalize conditions for family-based independent farms, and middle-sized manufacturing and business operations, through selective debt moratoria and relief, low-interest credits, and infrastructure projects.

4. Take steps to replace the free-trade U.S. foreign policy (NAFTA, WTO, etc.) with mutual-interest national trade.

5. Act to launch expansion of rail, water-borne and other vital transportation systems, and water supply infrastructure.

6. Initiate anti-trust actions to end the commodities cartel control over the food-chain, and over seeds and other farm inputs.

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Business Briefs

Asia

West Natuna Gas Pipeline Launched

Indonesia and Singapore officially launched a natural gas pipeline under the West Natuna Sea on Jan. 15. Indonesian President Abdurrahman Wahid, accompanied by the Foreign, Trade and Industry, and Economics ministers, visited Singapore for the inauguration of the 406 mile pipeline, which runs under the South China Sea to Jurong Island. Expectations are that the pipeline will generate \$22.5 billion worth of gas sales for Indonesia, with current production contributing \$5.7 billion, about the size of Indonesia's expected budget deficit this year.

Singapore's commitment to the project two years ago contributed to keeping the project on line, and helped to create the economies of scale for Jakarta to negotiate a second gas sale for deliveries to Duyong, Malaysia. Singapore Prime Minister Goh Chok Tong was scheduled to sign a \$14 billion gas deal with Indonesia on Jan. 29, Indonesia's Mines and Energy Minister Purnomo Yusgiantoro revealed. The gas will be piped overland via South and Central Sumatra.

Minister Purnomo, a former governor in the Organization of Petroleum Exporting Countries, played an important role in keeping the project up front in bilateral relations with Singapore, especially after President Wahid's comments in November 2000, when he accused the city-state of only being interested in money. Purnomo said that the pipeline means "we can have a Southeast Asia gas network relying on East and West Natuna as the source."

Health

Nursing Shortage Puts Care at Risk Worldwide

Experts at the sixth meeting of the World Health Organization's multi-disciplinary Global Advisory Group for Nursing and Midwifery, warned that nurses and midwives from around the globe are leaving the

health system, driven away by low pay, hazardous working conditions, and lack of career development — which is also a cause for the sharp decline in new recruits to the professions. "If the world's public health community does not correct this trend," the experts warned, "the ability of many health systems to function will be seriously jeopardized."

In addition to the aging of the U.S. and Canadian workforce and the lack of new recruits, the "skills drain," where nurses are recruited into the developed countries from developing countries, exacerbates the problem. The number of overseas nurses coming to the U.K. has risen by 42% in 12 months.

Zambia, which needs 1,500 nurses for its health-care system, has only 500 nurses currently employed. Ten years ago in Poland, more than 10,000 new nurses were being graduated annually. That figure is now down to 3,000. In Chile, of the 18,000 nurses in the country, only 8,000 are currently employed.

While the release does not mention the ravages of "managed health care," it warns that nurses from the public sector are being wooed away by the high wages offered by the private sector health-care providers. The remedy, say the experts, is to make the issue a priority on the public and political agenda.

Agriculture

Argentina, Brazil Ban Beef Imports from Europe

Fearing the spread of bovine spongiform encephalopathy (BSE, or "Mad Cow" disease), on Jan. 16 Argentina banned the import of beef products, as well as all foods using cow, sheep, or goat meat and derivatives, from 20 European countries. Brazil adopted this measure three months ago.

The measure went into effect on Jan. 17, but government inspectors are removing from stores any such products imported prior to the issuance of the decree. Víctor Machinea, head of the National Health and Food Safety Service, is warning citizens to carefully read labels on any food products originating in Europe. At the same time, the Argentine government is publicizing the fact

that the country is free of Mad Cow disease, with the hopes of increasing its exports to Europe. The daily *Clarín* on Jan. 20 urged the government to enforce the strictest possible regulations and controls as a safeguard against the appearance of the disease.

In Brazil, an outbreak of scrapie (the form of spongiform encephalopathy which occurs in sheep) in the state of Paraná has caused alarm in Argentina, and Argentine authorities predict that the government will ban imports of any kind of sheep meat products from that part of Brazil.

Eurasia

Russian Praises LaRouche On Transport Corridors

The Indian Cabinet gave the go-ahead for a north-south transport corridor project with Russia and Iran, on Jan. 16. The decision will enable India to build a direct land link by rail and road to Russia, reducing transport costs by at least 20%, according to Indian Technology Minister Pramod Mahajan. The project, signed during the visit of Russian President Vladimir Putin to India on Oct. 3, 2000, also involves a branching link to Europe, via Iran. At present, Indian goods can reach Europe only by sea, via the Dutch port of Rotterdam.

The concept of a north-south transport corridor was agreed upon by Russia, India, and Iran at the St. Petersburg International Eurasian Conference on Transport last year, in which some 50 nations took part. *EIR* has learned that a publication called *Vestnik Yevrazii* (*The Eurasian Herald*), published in Russian and available on the Internet, carried an article on that occasion, which focussed on Lyndon LaRouche as the leading mind behind the concept of Eurasian continental development along transportation corridors. The article, by A.A. Slavokhotov, was titled "Russia Is a Main Thoroughfare," and is one example of a new surge of discussion of LaRouche's ideas in Russia.

Slavokhotov contrasts the enthusiasm for new, Eurasian development perspectives, to the "end of history" and "clash of civilizations" ideology of Alvin Toffler,

Francis Fukuyama, and Samuel Huntington. Slavokhotov suggests the conceptions of Russian historian and philosopher Lev Gumilyov (the son of the poet Anna Akhmatova) as a better point of departure for thinking about the peoples of Eurasia, then writes:

“In addition, it is appropriate during discussion of this topic, to adhere to the principles of the antipode to monetarist economics, which has acquitted itself so poorly in Russian conditions—namely, physical economy, the theory developed by the American researcher and political figure Lyndon H. LaRouche, founder of the Schiller Institute and continuer of the ideas of G. Leibniz (1646-1716).

“In 1989, under LaRouche’s leadership, a concept was developed for political cooperation and economic development in continental Europe and Eurasia. By 1993, this concept had been honed into the idea of creating a bridge among the Eurasian countries, i.e., a program for development of the economy and infrastructure of all Eurasia.

“Also valuable in this connection, are the ideas of L. LaRouche’s co-thinker, the Russian scientist P. [Pobisk G.] Kuznetsov, who has put forward the idea of developing global life-support systems, and called for the elaboration of an international program, subsuming the social production system of any country, at any level of economic development, and any form of property ownership.”

Infrastructure

Malaysia May Go It Alone To Get Bakun Dam Built

Malaysia is considering reviving construction of the Bakun Dam in Sarawak, Northeast Kalimantan (Borneo), one of the world’s largest dam projects. The dam is crucial to Malaysia’s long-term strategic power requirements. When complete, the hydroelectric dam will have a capacity of 2,400 megawatts.

Malaysia is also interested in the project because of the technological spinoffs, principally the technology transfer associated with the manufacture and laying of exten-

sive undersea power cables, linking the dam’s output to the Malay Peninsula. (There are similar such projects that would link continental Asia to the adjoining archipelagos.) A government spokesman underscored that what Malaysia learns in building the dam can be exported to its neighbors, and serve as a catalyst for the power sector and for the creation of new manufacturing industries.

When the dam was put on hold two years ago, the cost was estimated at 13.5 billion ringgit (Malaysia’s currency, roughly \$3.5 billion); experts think the cost now would run to RM 20 billion, for which Malaysia might turn to local and international bond markets. Estimates are that the dam would take seven to eight years to build, by which time Malaysia will have outgrown its current power-generating capacity.

South Africa

Witwatersrand University Opens Nuclear Curriculum

South Africa’s Witwatersrand University opened the first post-graduate course in the Physics, Engineering, and Safety of Nuclear Power Reactors, the Panafrican News Agency reported on Jan. 15. South African Deputy Mineral and Energy Affairs Minister Susan Shabangu was on hand for the opening. The course will consist of eight modules covering the basic science, engineering, technology, and safety of nuclear power reactor design.

Prof. John Watterson said that the university “is proud to be able to provide a course which is both academically significant and of direct importance to the development of an alternative power source in South Africa.”

The course will also focus on gas-cooled reactor technology and other issues of direct relevance to the evaluation of the Pebble Bed Modular Reactor (PBMR), which is a reactor design being developed in South Africa as a potential alternative electricity generation source. The course was developed by the university in collaboration with the National Nuclear Regulator and the PBMR company.

CHINA will fund the construction of a rail link from Tbilisi, Georgia to Kars, Turkey, enabling it to transport commodities to Europe via Central Asia. Turkey attempted to build the project in cooperation with Georgia in 1997, but the effort failed in 1999 because of financial strains caused by International Monetary Fund conditionalities and the earthquake in Turkey.

THE GERMAN government is willing to transform one-fifth of the 70 billion deutschemarks (roughly \$35 billion) which Russia owes Germany, into physical economic investments, the weekly *Der Spiegel* reported in a review of the Jan. 6-7 talks between Russian President Vladimir Putin and German Chancellor Gerhard Schröder.

TAIWAN’S highest court has ruled against greenie Prime Minister Chen Shui-bian’s (Democratic Progressive Party) decision to cancel a \$5.6 billion nuclear power plant, which was one-third complete. The ruling said that the cabinet did not have the authority to scrap the plant, and ordered the Parliament (controlled by the Kuomintang, which is expected to back the plant) to vote on the future of the facility.

SCARLET FEVER broke out in Washington, D.C. in January, infecting at least five students and a teacher at one elementary school. The disease, caused by a streptococcus, can be cured with antibiotics, as long as it is caught in time. Given economic and health conditions in the District, parents may have confused the symptoms with a cold or flu, and didn’t send the children to a doctor right away, allowing it to spread.

CORPORATE bankruptcies in Japan reached an all-time high in 2000, according to figures released by the Teikoku Databank economic research agency on Jan. 19. The total liabilities of those firms which collapsed last year, amounted to 24.0 trillion yen (\$200 billion), 77% more than the year before.

A NEW VOYAGE TO LAPUTA

California Takes A Swift Look At Today's Economists¹

by Lyndon H. LaRouche, Jr.

January 20, 2001

Now, the long wave of deregulation begun under U.S. President Jimmy Carter, has brought the world to the trigger-event called "the California energy-crisis." Now, the so-called "new economy" bubble of 1995-2000, has turned out to be the bust its continuation inevitably doomed it to become. The present crisis, so situated, now poses the question more sharply than at any earlier time: Why, compared to those of the preceding generations, have nearly all among today's ostensibly leading economists born after 1945, failed so miserably? Was this catastrophic failure of those economists, perhaps, a genetic-like cultural after-effect, of the three nuclear weapons exploded that year?

Some of the deeper, scientific reasons for those connections, which I expose here, will greatly surprise you.

1. This report was prompted by discussions occurring in the context of a recent, January 14-17 international conference, convened in Khartoum, Sudan, on the subject of "Peace Through Development Along the Nile Valley." Although this present report incorporates some elements addressed in the soon-to-be published proceedings of that conference, the central issue of the discussions of my presentations there, the difference between predicting and forecasting in economics practice, deserves to be addressed, as I do here, as a matter of general, and urgent interest in its own right.

This problem, this *syndrome*, is not confined to the typical middle-aged "quackademic" of today's economics profession. With relatively few exceptions, those under fifty-five years of age, who are not economists, but have risen to leading positions in shaping the economic policy of enterprises and the Federal government today, behave differently, and, in most examples, much worse, than corresponding categories of influentials active during the 1933-1965 interval.² These more typical representatives of the so-called "Baby Boomer" generation among economists today, are like recently retired U.S. Treasury Secretary, and Gore and Greenspan confederate, Larry Summers; they are the fruit of what was already

2. I do not exaggerate the extent of this syndrome among "Baby Boomer" economists. Although some senior figures, of my own generation, have long agreed with my characterization of an onrushing, global systemic crisis, and as more and more have concurred explicitly with my views since the events of August-September 1998, competence was generally limited to professionals from among that generation. Only recently, since the developments of March-November 2000, there has been an increasing acknowledgement of the severe threat of a systemic crisis from among what is still but a small minority of economists and related specialists. The point is, that soon, the depths of the onrushing depression will bring about a change in the views of even the generality of middle-aged quackademics. Then, it will be possible to educate some among them to the reality they are still, as of the moment, hysterically seeking to deny.



William Hogarth, "A Midnight Modern Conversation," 1732.

appropriately described during the mid-1960s, as a "cultural paradigm-shift."³ One should restate that: *a cultural-paradigm down-shift!*

Even before we might have discovered what the exact cause for this pattern might be, the raw evidence shows, beyond reasonable doubt, that the root of the failures of these quackademics and their dupes, is *systemic*.⁴ The cultural ef-

3. For example, in 1964, Willis Harman, of the Stanford Research Institute, prepared a study for the U.S. Office of Education, titled "The Changing Images of Man," which first put forward the idea of a cultural paradigm shift, then under way, from the "Age of Pisces," i.e., the Age of Christ, to the "Age of Aquarius." In 1980, Harman protégé Marilyn Ferguson elaborated on the theme in a widely publicized book, *The Aquarian Conspiracy: Personal and Social Transformation in the 1980s* (Los Angeles: J.P. Tarcher, 1980).

4. This use of "systemic," as distinct from "systematic," signifies a condition which inheres in that adducibly ruling set of definitions, axioms, and postulates, which efficiently predetermines the response of that "system" to any challenge. If the responses will be systemically more or less suicidal for the system, then we have a crisis which could not be overcome except by either eliminating the system so afflicted, or radically changing the implicit set of definitions, axioms, and postulates which govern its responses. Since "popular opinion," such as the *vox populi* represented by either the spectators of the Roman imperial circus, or the modern dupe of Walter Lippmann's *Public Opinion*, rejects, by definition, any changes contrary to its implied axiomatic assumptions, even democracies, for example, tend to be incapable of uprooting those fatal assumptions which "popular opinion" instinctively refuses to acknowledge as being erroneous. So, Rome was self-destroyed by its own *vox populi*. Most fallen empires and kindred follies of the past, have been wrecked by their own hand, in just this way.

fects form a clear pattern, a *syndrome*, as shown in both the collective and individual behavior of the relevant social strata. The defective mentality of most among the economists of that generation, aptly typifies the general state of mind prevalent among other notable influentials from the same general background.

The point is: to find the cure. As the California energy-crisis signals, there is no time to lose in identifying and uprooting the pathogen of failure shown by those academically trained, now middle-aged professionals, who, during the recent thirty-odd years, have come out of their childhood and adolescence, to exert increasingly ruinous influence on the policy-shaping of the U.S., and other institutions today.

Look at the related case of the chiefly pathological mass behavior, often called "go along, to get along," exhibited by most among the U.S. citizens who actually voted during the March-November phases of the recent Presidential election-campaign. Study this clinically, with a mind's eye informed by study of Jonathan Swift's *Gulliver's Travels*. Recognize that famous book as his commentary on the faith and morals of Walpole's and Hogarth's willfully decadent, early Eighteenth-Century Britain.

Swift's book suggests the explanation for the follies of today's middle-aged economic-policy Laputans. Like the willful wretches depicted by Hogarth, the generation born and reared during the 1950s sway of the suburbanite, Orwellian cults of "White Collar" and "The Organization Man," the

generation which we examine here, acts less often as cognitive individualities, than almost xerox copies of one among a set of recent decades' commonplace social types; they are predominantly the victims of a sickness pervading most of an entire generation. We must recognize that, in respect to the pathology I have placed under scrutiny here, or of early Eighteenth-Century Britain, earlier, we are dealing, essentially, with a mass-phenomenon, rather than any significant accumulation of relevant kinds of actually independent, sovereign qualities of mental activity among the citizens.

Our nation's recent and current policy-making has been afflicted, thus, with something akin to the cast of characters of a George Orwell allegory such as *Animal Farm*, or *1984*, and, perhaps, also, some spill-over from Golding's *Lord of the Flies*.⁵ We are dealing with a phenomenon of the type associated with the cult of *vox populi* among the pagan spectators of the Roman Colosseum, or of the kindred type of popular opinion exhibited in pathological mass behavior associated with the bodily-contact sports and rock-concert spectacles of European civilization today.

Contrast to the pathetic writings of utopians such as Orwell, Aldous Huxley, and the neo-Hobbesian Golding, the fables of Swift's great humanist predecessors, the *Don Quixote* of Miguel Cervantes, and the *Pantagruel* and *Gargantua* of François Rabelais earlier: the Lilliputians, Laputans, and Yahoos of Swift's tale, or the "Sheep of Panurge," and their like today, are characters whose influence threatens to self-doom that nation in which these pathological types proliferate. We speak thus, of a nation, our own, as the authors of our 1776 Declaration of Independence rightly saw early Eighteenth-Century England then, as a United Kingdom which had lost much of its moral fitness to exist, that at no later point than the moment George I of England (not Washington, D.C.) ascended to occupy that newly instituted royal throne.

The Search for the Cure

Cease your whimpering! Do not be cry-babies, lamenting the perilous bad times into which we have thus fallen! Have some dignity! Get out from under the bedcovers where you are mumbling like the Russian fictional character Oblomov: "There's nothing anyone could do to change this!" Let us examine the disease which afflicts us, with the intent to discover the cure. Jonathan Swift has already given us one of the most important of the clues we require.

5. George Orwell, *Animal Farm* (New York: Harcourt, Brace and Co., 1946); George Orwell, *Nineteen Eighty-Four* (New York: Harcourt, 2000); William Golding, *Lord of the Flies* (New York: Coward-McCann, 1955); Aldous Huxley, *Brave New World* (New York: Harper and Row, 1989). The utopian fables of Orwell, who was, together with Aldous and Julian Huxley, a protégé of the circles of the Golden Dawn's Aleister Crowley and also of the post-1928 team of H.G. Wells and Bertrand Russell, are usefully examined, also, in terms of the motion-picture productions they, like Wells' *Things to Come*, spawned.

To aid you in discovering that cure, you need to know, that, during the reign of George I's predecessor, England's Queen Anne, Swift was among the leading intellectual figures of a political current closely allied with the great Gottfried Leibniz. This was the current which sought to free the British Isles from the affliction brought upon it by the combined influence of John Locke and the tyranny of the bloody William of Orange. Although the death of Queen Anne, and ensuing accession of Orange's anti-Leibniz ally George I, doomed the British Isles to its ensuing moral ruin, it was the impact of Swift's faction, and that of Leibniz, upon the circles of Benjamin Franklin, which made possible the creation of our United States.⁶

Within a humanity whose characteristic distinction from other living species, is *cognitive free will*, there is no crisis which precludes the possibility of a solution. Even for the errant, even in the extreme case, there is always a lurking pathway to redemption.

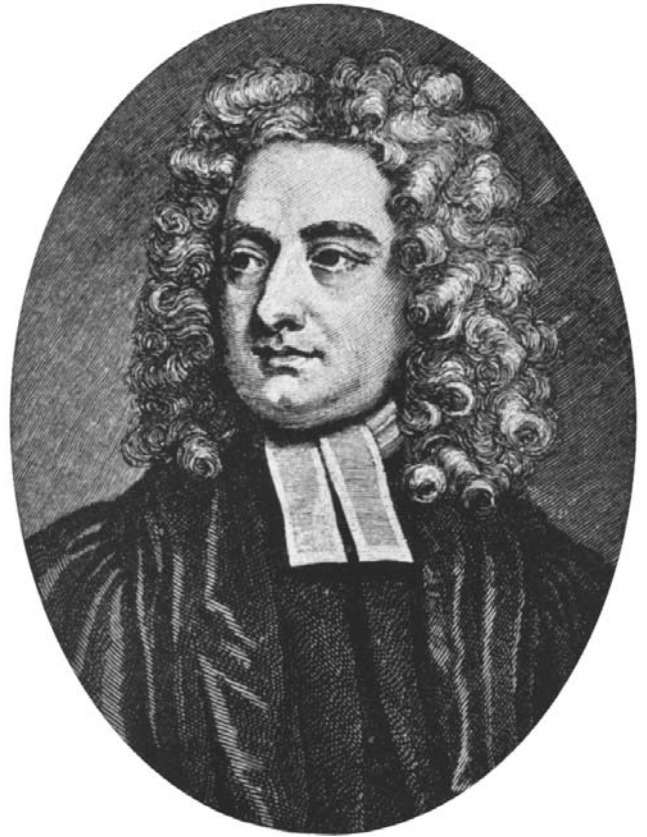
Consider the ruinous strategic situation into which our young U.S.A. fell, as a consequence of the successive disasters of the 1789-1794 Jacobin Terror, Napoleon Bonaparte's rule in France, the Congress of Vienna, and the creation of the treasonous Nineteenth-Century Democratic Party, the latter by Aaron Burr's consequence, Martin van Buren.

In our national history, the pathway leading upwards from the ruinous reigns of Jackson and van Buren, was a pathway chosen by such heirs of Franklin as John Quincy Adams and the Careys. The latter, typical of the patriotic foes of treasonous Presidents such as Jackson, van Buren, Polk, Pierce, and Buchanan, redeemed the United States, when they developed that great national leader, President Abraham Lincoln, who, more than a decade after Adams' death, freed the U.S. from British-dictated slavery,⁷ and led the nation to become, over the interval 1861-1876, the world's most powerful nation-state economy.

By that means, the victory by Lincoln returned our republic to its intended mission as "beacon of hope and temple of liberty for all mankind." Out of that interval, we emerged as the leading nation-state power, the leading challenge to the global power of the British Empire. Despite the implicitly treasonous efforts of such foul relics of the fallen Confederacy

6. Cf. H. Graham Lowry, *How The Nation Was Won: America's Untold Story* (Washington, D.C.: Executive Intelligence Review, 1988).

7. On the British use of slavery in the U.S.A. as a leading source of the wealth and power of the British monarchy, see Henry C. Carey, "The Slave Trade Foreign and Domestic," in W. Allen Salisbury, *The Civil War and the American System: America's Battle with Britain, 1860-1876* (Washington, D.C.: Executive Intelligence Review, 1992). The documented close association of later President Abraham Lincoln with former President John Quincy Adams, et al., dates from Lincoln's key role, as Whig Party member and U.S. Representative, in opposing filibustering President Polk's 1848 war with Mexico. I was later situated, in 1982, to underline that U.S. patriot's relationship to Mexico, as expressed by both the title and content I assigned to my book-length policy brief of that early August, *Operation Juárez*.



Jonathan Swift (right) was among the leading intellectual figures of a political current closely allied with the great Gottfried Leibniz (left). It was the impact of this faction upon the circles of Benjamin Franklin, which made possible the creation of the United States.

as Theodore Roosevelt and Woodrow Wilson, later, we continued the Lincoln legacy as a leading, if contested, political and moral force within our affairs, until the assassination of President William McKinley; we resumed much of that same legacy, with the election of President Franklin Roosevelt, up to the point of the recent thirty-five-odd years since the 1968 triumph of the Nixon-led neo-Confederate Southern Strategy, and our ensuing decline as a nation, into the condition of the presently ongoing national economic catastrophe.

As President Franklin Roosevelt revived the legacy of Franklin, Alexander Hamilton, Quincy Adams, Carey, and Lincoln, to save both our national economy and Constitution, there are lessons from such sources as either our own national history, or that of modern European civilization more broadly, from which we may adduce the way in which to reach a solution to any man-made crisis threatening us today.

The method to which great modern leaders will always resort, to bring about such needed changes in direction to be taken by the ship of state, is what I define here was the method of *forecasting*, as distinct from, and opposed to the methods of *predicting*.⁸ Admittedly, I have raised forecasting from the

8. This is, as a matter of principle, the same argument made by Pope John Paul II on the subject of so-called “fundamentalist” predictions popular

relatively primitive level it was understood and used by most among my predecessors, but, otherwise, I have done nothing but carry forward the torch I chose to accept from their hands. It is that choice between the opposing methods of forecasting and predicting, as the choice confronts us in the present, specific set of historical circumstances, which is the subject of this report.

In all competent science, we approach the definition of a solution to any challenge, by recognizing the occurrence of a certain quality of difference between intent and result of practice, as being a paradox in fact. I signify what is defined in the relevant Classical literature on the subject, as an *ontological paradox* of the type illustrated by Plato’s *Parmenides* dialogue.

To identify that paradox, we must express it with a precision beyond reasonable doubt, which means, in the form of the immediate juxtaposition of two or more statements of fact, the which each summarizes a general, implicitly universal

among both the nominally Christian and Jewish varieties of gnostic Yahoo cults of today’s U.S.A. For the document issued by the Vatican Office on the Doctrine of the Faith, on the subject of the Third Letter of Fatima, see http://www.vatican.va/roman_cur./rc_con_faith_doc_20000626_message-fatima_en.htm 26.06.00.



From President Franklin D. Roosevelt's inauguration in March 1933, to approximately 1965, the trajectory of the United States was generally upward. After 1966, a cultural paradigm-shift took effect, which has led to the current global crisis. Here, Roosevelt campaigns in Seattle, Washington, 1932.

condition observed. An appropriate such juxtaposition expresses the form of paradox, an *ontological paradox*, which is associated in science with the interchangeable terms, “*Analysis Situs*” or “geometry of position.”⁹ Those names were given to this method by Gottfried Leibniz, but the use of that method originated, in modern times, with Nicholas of Cusa's *De Docta Ignorantia*, and it was the method used by an explicitly self-defined follower of Cusa and Leonardo da Vinci, Johannes Kepler, to discover and elaborate the principle of universal gravitation, in Kepler's *The New Astronomy*, and by Fermat to discover the anti-Euclidean principle of quickest time.

In the present report, that function of factualness is focused, first, on the fact, that, as measured in physical-economic terms, the course of the U.S.A., from President Franklin Roosevelt's March 1933 inauguration, until his untimely death,

9. An excellent example of this principle of scientific method is to be found in the recent publication of the first full translation of a scientific paper by the great Russian discoverer of biogeochemistry, Academician Vladimir I. Vernadsky, “Problems of Biochemistry II: On the fundamental Material-Energetic Distinction Between Living and Non-Living Natural Bodies of The Biosphere.” *21st Century Science & Technology*, Winter 2000-2001. In short, the search for the discovery of a universal physical principle of life, distinct from non-living processes as such, must begin by demonstrating factually, empirically, the existence of the relevant paradox which absolutely requires such a discovery. Vernadsky makes that point, sharply, and comprehensively, in that 1938 writing. Although Vernadsky's knowledge of the work of Bernhard Riemann is, unfortunately, sketchy and flawed, he has a sense of the importance, and relevance of Riemann's work for his own line of inquiries. As far as he goes, Vernadsky's remarks on his own choice of the method employed in that 1938 piece, would win approval from Riemann. The same application of the method of *Analysis Situs* is demonstrated by the related discoveries of Fresnel and his collaborator Ampère. This features, notably, Fresnel's proof, with help of Arago, of the folly of Newton's doctrine of the propagation of light, and the closely related issue of electromagnetism, Wilhelm Weber's proof of Ampère's principle of “angular force.” On the

and even over two decades following, was generally upward. A similar, upward trend is found in, approximately, the first two post-war decades of cooperation between the U.S.A. and continental Western Europe, 1945-1965. Whereas, secondly, on the other hand, over the course of the interval since the orchestrated 1963 Profumo scandal, paving the way for the ruinously radiated example of the economic policies of Britain's Prime Minister Harold Wilson, the trajectory of Western Europe's economic development, to the present date, has been overall downward, and consistently so, as measured in physical-economic, rather than the always inherently dubious monetary accounting.

The sharp reversal in direction of *measurable physical-economic* trends, from the upward trend prevalent over the interval 1933-1965, to the accelerating trend backward and downward, over the 1966-2001 interval, corresponds to a typical form of the statement of a factually-defined ontological paradox, using the language of geometry of position. This is the only choice of language through which science is able to supply a rigorous proof of the existence of the need for discovery of a universal principle.¹⁰ In the case at hand, an-

latter, see Jonathan Tennenbaum, “How Fresnel and Ampère Launched a Scientific Revolution,” and Jacques Cheminade, “The Ampère-Fresnel Revolution: ‘On Behalf of the Future,’” *EIR*, Aug. 27, 1999.

10. My associates and I have long used Kepler's discovery of universal gravitation (in his *The New Astronomy*) and Fermat's demonstration of a relativistic principle of quickest time, as examples of the only competent form of modern scientific method, that traced from Plato and Nicholas of Cusa, through Leonardo da Vinci, Huyghens, Leibniz, Gauss, Riemann, et al. This scientific method stands in direct and essential opposition to the relatively incompetent, but currently fashionable choice, that of empiricists and Cartesians. Kepler reports, in his *New Astronomy*, that his empirical demonstration of the impossibility of predicting the next turn in a trajectory of non-uniform curvature, led him to break with the simple-minded “connect-the-dots” methods used by Claudius Ptolemy, Copernicus, and Tycho Brahe,

other term used to describe a change of this type, is a *cultural-paradigm down-shift*.

The Scope of This Summary Report

Accordingly, the following pages of this report, are allotted among a strictly ordered succession of four component, topical sections:

The first, and longest section summarizes the trans-Atlantic cultural-paradigm shift, 1933-1965 versus 1966-2001. This presents the relevant, principal ontological paradox of fact, and lays the basis for addressing the matters assigned to the subsequent sections. This first section concludes with a crucial observation on the reasons, in fact, which prompted most of the economists and some others of the “Baby Boomer” generation, to fail, not merely as academics, but, rather, to fail, morally, as men.

The second identifies the reasons why it is impossible to make competent predictions of a statistical type under the conditions in which cultural-paradigms are being shifted. This is the pivotal topic of the present report as a whole. In other words, what are, academically, generally accepted methods of economic forecasting, are even more incompetent than they are popular among that credulous set of persons and institutions.

The simplest explanation of the consistent incompetence of the forecasts of the leading academic economists and their kind, is the fact that we have been dealing, over about thirty-five years to date, with a *systemic*, rather than what is usually termed a “cyclical” crisis.

The notion of a cyclical crisis, implicitly assumes a system operating, over a prolonged period of time, during which several or more cycles occur, under a fixed set of definitions, axioms, and postulates: an hypothetically fixed system, usually a mathematically linear one, typified, at its worst extreme, by the “ivory tower” variety of “systems analysis” proffered by John von Neumann and Oskar Morgenstern. Whereas, a systemic crisis is one which, by definition, involves the need for profound and radical, sweeping changes in controlling

and to discover that principle of universal gravitation which Isaac Newton later attempted to plagiarize from the pages of Kepler’s *New Astronomy*, but failed catastrophically by generating for his own system the exact same fatal paradox which Kepler had recognized in the work of Ptolemy, Copernicus, Brahe, et al. Hence, Newton’s fatal “three-body paradox.” These discoveries, by Kepler and Fermat, combined to define the core of Leibniz’s original development of the calculus, contrary to the absurdity of Newton’s attempt to parody Leibniz, and contrary to those follies introduced by Euler, Lagrange, and Cauchy, which haunt the modern mathematics classroom to the present day. As this conception is developed at a later point in the present report, it is solutions to those paradoxes defined, from an experimental-science standpoint, in terms of geometry of position (“*Analysis Situs*”), that formal mathematics is brought down from its ivory tower of dreams, to be educated in behaving as reality demands it do. It is the clear definition of those kinds of ontological paradoxes which geometry of position makes comprehensible, that mathematics is brought, as by Gauss and Riemann, contrary to Bertrand Russell et al., from the realm of foolish fantasy, into conformity with the requirements of science.

axiomatic assumptions. A *cyclical crisis* is, by assumed principles, a cycle which is definable within the terms of an unchanging set of axiomatic assumptions. A *systemic crisis* reflects a condition brought about by the failure of the generally accepted set of axiomatic assumptions.

Thus, nations doom themselves to the horror they thus bring upon themselves, when their foolish influentials agree, “Let us be practical. Let us discuss this matter in terms most of us can accept.” It is that latter attitude which ensures the doom of a nation locked within any systemic crisis.

Hence, since all economies, when examined as physical economies, rather than in simplistic, financial terms, are undergoing continuing change in their actual and, also, required systemic features, the only competent mathematical or quasi-mathematical model for forecasting, is explicitly *Riemannian*, as I have defined the relevant connections in numerous locations published during recent decades.

Thus, in what I have indicated to be the second section of the present report, I show the principled difference between the only competent method, *forecasting* as I define it in this present report, and what has always proven itself inherently incompetent, those methods of race-track-style *predicting*, which have been widely, officially used, to silly, or worse effects, over the course of the 1966-2001 interval.

Notably, at the close of the 1950s, I made my first long-range economic forecast for the economy of the U.S.A. Basing myself on a study of policy-shaping trends during the successive Truman and Eisenhower Administrations, I forecast that, if such trends in policy-shaping were to be continued, the U.S.A. would enter into a series of monetary and related crises during the late 1960s, leading toward a breakdown of the existing Bretton Woods monetary system, and the threat of a period of increasingly savage austerity during the ensuing period.

The economic history of the 1966-2001 period has unfolded, to date, in exactly that way. Among all leading forecasters speaking and writing for the public, I stand, on the record of the 1966-2001 period, as the most competent forecaster in modern history. All who made contrary public predictions, during that period, including virtually the entirety of the U.S. academically trained economic profession, have been consistently wrong, relative to my forecast.¹¹

11. I made my first formal forecast, as part of my duties as an executive of a consulting firm, at the close of 1956. Then, I warned that the deepest U.S. recession of the post-war period was about to strike by the end of Winter 1957. The 1957 recession struck a few weeks after that, during the February-March interval, continued through the late Spring of 1958, and lingered as stubborn stagnation until after the election of President Kennedy. On the basis of the study of the 1950s U.S. policy-shaping trends, I developed my first long-range forecast during 1959-60. I stated then, that if the financial and economic policy-trends of the Truman and Eisenhower 1950s were continued into the middle 1960s, a series of international monetary crises would occur during the latter half of that decade, leading toward a collapse of the world’s monetary system in its present form, and the prospect of a still deeper collapse, and threat of fascist regimes down the line, should the U.S. react to the

What is demonstrated by that four decades of experience, is not that I have rare skills at predicting, but that I have become the world's leading forecaster of our present times.

Excepting certain exceptional circumstances, *I have virtually never written any forecast which could be justly assessed as a prediction.* Even in such instances as my June 1987 forecast of a probable mid-October 1987 deep crisis in the U.S. stock-market, I have only stated *a sequence of choices* which would confront the population, and the relevant decision-makers during the indicated periods ahead. *Being professionally competent, I leave all long-range predicting to heathen (gnostic) religious fanatics, such as the Armageddon fetishists, and other bunglers. I do not predict, nor attempt to read the fated future in the condition of chicken livers; I forecast.* As I shall clarify that during the course of the second section of this report, most of those who consider themselves economic forecasters, rather than predictors, are actually engaged in a form of predicting, rather than engaged in *the specifically Promethean work of actually forecasting.*

In the brief, third section following that, I summarize the reason why the change from a Classical-humanist policy of education, to the inherently destructive alternatives outlined in Club of Rome co-founder Dr. Alexander King's 1963 Paris OECD report, and introduced under the Brandt reforms in Germany, must necessarily destroy the development of the mind and personal moral character of the student, and thus undermine the ability of an economy to grow, even under the impetus of what are, otherwise, good investment and related policies.

In the concluding section, I summarize the most crucial, but, presently, least known topic of competent economic forecasting, a topic which I have sometimes identified as the "Jonah Principle": how to conceptualize the "map" of the historical terrain on which effective economic forecasting, such as my own, depends absolutely.

We proceed now, accordingly.

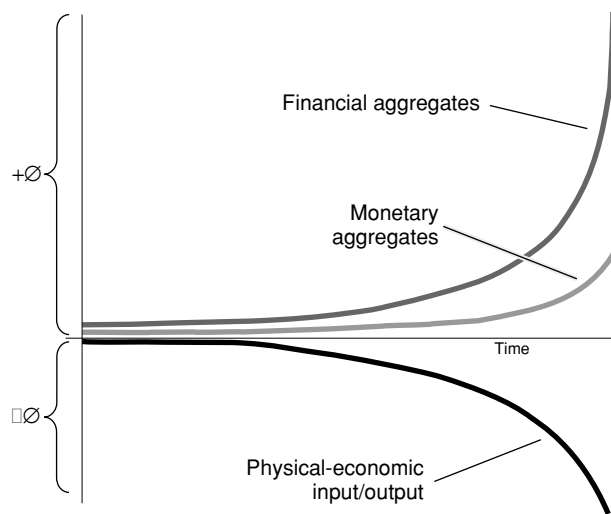
1. Two Contrasted Long-Range Trends

For the case at hand, the relevant ontological paradox, is, as already stated, the contrast of the secularly upward trend in physical-economic development of the U.S. economy over the long-term interval 1933-1965, as contrasted to the secularly decadent trend, of the same nation's economy, over the long-term interval 1966-2001. An appropriately ironical comparison of the evidence from the two intervals, yields a

monetary crises by resort to kind of "fiscal conservative" methods which were, in fact, introduced by Presidents Richard Nixon and Jimmy Carter. It is my published statements on that subject, during the 1960-1971 interval, which first established what became my growing international reputation as an exceptional successful long-range forecaster.

FIGURE 1

LaRouche's Typical Collapse Function



LaRouche's schematic "triple curve" diagram shows the physical economy plunging, as financial and monetary aggregates soar. When a critical point of instability is reached, the economy collapses.

statement in the required form of geometry of position. This statement, in turn, shows that the two intervals are of *characteristically different systemic types*: the first, predominantly *anti-entropic*, the second, predominantly *entropic*.

To understand anything important about the comparison of these two, long-term periods, one must always measure growth in performance, in the terms of physical-economy, rather than monetary-financial terms. Financial accounting can not be avoided, of course; but, no financial data can be competently presented as evidence, until it has been subjected to rigorous criticism from a physical-economic standpoint (**Figure 1**).

Even in the best quality of financial cost-accounting practice, counting in monetary units never rises above those relatively silly statistical methods which are fairly described as "the children's game of connect-the-dots."

The essence of all successful economic practice, is, that the cause-effect relations underlying sustainable patterns of growth in real-life economic processes, are intrinsically of a quality which is usually described today by the ambiguous term "non-linear," patterns which the Classical Greeks defined as "incommensurable," and which are otherwise defined, in the Leibnizian aftermath of the work of Kepler, as *geometrically defined trajectories of characteristically non-uniform curvature*.

Financial data never defines what might be justly termed "objective" reality; it represents nothing better than the mere, distorted shadows on the wall of Plato's Cave, the shadow of

a reality which is unseen by sense-certainty, and usually also regarded, foolishly, as “unknowable” among accountants and financial analysts generally.

The problem is, that among human beings, in societies so far, fantasies contrary to all objective reality, either perceived, or otherwise, often control the decision-making and related other behavior of leading institutions. Today, this is also the condition which has been induced in the population in general. Thus, in forecasting, as in atomic, nuclear, and sub-nuclear microphysics, for example, we must distinguish between those choices which are presented to us by an underlying, unseen, but demonstrable physical reality, and the often contrary set of choices, occurring as fantasies, in the opinion and practice of the credulous, of populations and their governments, alike.

Such discrimination, between the reality of the physical-economic processes, and the popularized delusions typically associated with the interpretation of financial data, is, therefore, the essence of all competent economic forecasting. This contrast between physical-economic reality and monetary-financial fantasy-life, must be apprehended as a case for the application of the methods known, alternately, as those of *Analysis Situs*, or *geometry of position*.

For more than fifty years, I have always measured economic performance in, primarily, physical-economic terms. As every representative of what has become today’s, admittedly, greatly endangered, vanishing profession of competent entrepreneur, has done, no competent economist would ever accept any set of financial data as being inherently truthful. We must always judge critically the usually misleading mere fiction which less able minds assert to be the financial accountant’s “bottom line.” Once again: Nothing said in the language of accounting is to be believed, unless that implied judgment is independently verified from the standpoint of the physical reality.

The financial data, at their best, never do better than merely echo, imperfectly, a reality which is essentially physical, rather than financial in nature: if, indeed, from case to case, it represents any physical reality at all. In any case, any picture of an economic process adduced from financial accountants’ data, is, at its best, a highly distorted, and intrinsically unreliable representation of the reality it merely reflects: in the fashion of mere shadows on the wall of Plato’s Cave.¹² I therefore repeat myself: *it is this contrast, and interaction, within the population as a process, between physical-*

12. This is also the reason all digital computer models of economic processes are intrinsically false to reality, and usually dangerously so. This does not signify that computer processing is useless; it is useful only to the degree one appreciates its axiomatic fallacy of the assumptions it requires. One must always keep two parallel sets of data for any competent computerized accounting system. The one set represents the financial-cost-accounting array; the second represents the non-financial physical activity. The cause-effect connections governing the financial array are to be located in the physical array, where non-linear physical principles apply.

economic reality and financial-monetary fantasy, which is the characteristic feature of all competent modern shaping of national economic policy.

“How is it,” one must challenge the financial analyst, “that if I stir into a pot a certain combination of physical ingredients, I may get more net physical product out of the pot, than I have put into it?” *Perhaps the gain comes from the pot itself?* In other words, any successful economy is rightly deemed successful, as an economy, only if it is systemically *anti-entropic*. Whence the *anti-entropy*? How shall we measure this *anti-entropy*? As I shall indicate, a bit later in these pages, *no competent measure of entropy or anti-entropy can be made, as Ludwig Boltzmann attempted to do, or Clausius, Grassmann, and Kelvin before him, within the bounds of a reductionist’s conventional statistical practice. This measurement can be made competently, only from the standpoint of the notion of ordered series of Riemannian manifolds.*

All such questions, respecting relative entropy or anti-entropy, must be couched in terms of the physical nature of man’s relationship to the universe at large: is mankind, per capita, increasing, or diminishing its power to exist in and over the universe as a whole? Thus, competent economics practice must rely, and that essentially, without exception, on the validation of certain sets of universal physical principles. It is the mastery of those principles, which, in turn, enables us to reach sensible conclusions respecting the meaning behind any set of financial and related data.

These are not “merely academic” questions. The essence of the challenge of entrepreneurial responsibility, is expressed by the constantly nagging question: “How do I bring about an increase in the relative *anti-entropy* of the economic process? What changes in the physical behavior under my control, must I take, to prevent the process from sliding into an entropic phase, such as the catastrophe which a fanatical, quarter-century-long cult of deregulation of energy utilities, and related other infrastructure, has created in the state of California now?”

Competent answers to such questions are always delivered, *primarily*, in the language of physical science, not financial accounting, nor monetary theories, nor currently popular notions of statistical methods. Often, as in the instance of the California crisis, the key fact ignored by the financial accountants, is the suffering of the people, and the bankruptcy which is breaking down the door of the fortress of fantasy, within which the accountants have barricaded themselves. The latter, like their monetarist cronies, have sought to barricade themselves against those distractions from their duties, which threaten to intrude from the clamor of social and political realities outside their Tower of Babel.

Such were the principles of the science of economy from its 1671-1716 beginnings, as *the science of physical economy* developed initially, by Gottfried Leibniz, to supersede the pre-existing levels of modern statecraft known as the practice of *cameralism*. In my own short-hand, the *primary* measure-

ment to be made, must be expressed in purely physical, rather than monetary terms. I have termed this implied unit of measure the *potential relative population-density* of the society. This means, in first approximation, to measure performance in terms of relative increases per-capita of both the population and its labor-force, and per square-kilometer of the relevant surface-area of our planet.

This means, that we must focus attention on the balance between the unavoidable costs of producing, and improving upon a certain level of physical output, per capita and per square kilometer, and the level of net output produced.

Two Views: LaRouche & Vernadsky

It is useful to restate what I have just said from the standpoint of Russian Academician Vladimir I. Vernadsky's definition of what he named the *noösphere*. A recent translation, arranged by my associate Dr. Jonathan Tennenbaum, of an extraordinarily important, long-neglected 1938 paper of Vernadsky's,¹³ summarizes an argument paralleling the approach I took along a similar route, back during 1948-1953, in developing my own original discoveries in the field of physical economy. Vernadsky's 1938 paper, recently made available to me, enables me to restate my argument now in even much stronger terms than I had earlier. The point which I made approximately fifty years ago, stands as fully valid today; Vernadsky's rediscovered work now taken into account, my familiar point can be much better said.

Vernadsky is outstanding among those physical scientists, who, proceeding in opposition to today's ultra-mechanistic, and actually dangerous ideologues of faddish molecular biology, have defined life itself as expressing a universal physical principle distinct from the notions of physical principle associated with non-living processes. His work to this effect, featuring kindred earlier approaches by Louis Pasteur and others, led him, not only to define the evolution of our planet as governed by a universal physical principle specific to life, as distinct from non-living processes, but to recognize that human cognition itself is also a universal physical principle, higher in order than either non-living processes, or the universal physical principle of life. Thus, we, today, have Vernadsky's conception of the *noösphere*.

During the 1948-1952 interval, I developed a view of this notion of principle which parallels Vernadsky's, but developed it from a different starting-point. In 1953, I generalized my earlier such discoveries, based upon my refutations of both Immanuel Kant and Bertrand Russell acolyte Norbert Wiener's "information theory" hoax. To this end, I have proceeded, since 1953, from the standpoint of expanding Riemann's notions of hypergeometric manifolds and geometry of position, to meet the requirements of a universe in which



Vladimir I. Vernadsky's view was that human cognition itself is a universal physical principle, higher in order than either non-living processes, or the universal physical principle of life.

economy is governed by the multiple-connectedness of three mutually distinct sets of universal physical principles, those of respectively non-living, living, and cognitive processes.

In constructing that view, then, I relied upon the fact that living processes are *characteristically anti-entropic*, whereas non-living processes are, taken in and of themselves, *characteristically entropic*. For me, already in 1946, it was basing myself upon that characteristic difference, as defined from the standpoint of geometry of position (*Analysis Situs*), that I defined life as a universal physical principle, as distinct from a universal physical principle of merely non-living processes. Thus, the subject of the study of the phenomena of life from the standpoint of a mathematical biophysics, such as the tempting but, what I came to recognize, with a sense of frustration, as the epistemologically flawed work of the internationally celebrated Rashevsky and Oparin, occupied much of my studies during the 1946-1952 interval. The result was a certain agreement, but also a certain notable difference between my views and those which Vernadsky specified for his notion of a *noösphere*. I shall come to that latter difference in due course, here, shortly.

Decades later, during studies which I launched and continued to steer beginning Spring 1973, I incorporated as much as my associates and I knew of Vernadsky's definition of the *noösphere*, to the effect of fusing that crucial discovery by him with my own earlier, 1948-1953, work, leading to my

13. op. cit.



The Earth as photographed from the Moon, by Apollo 11 astronauts in 1969. Vernadsky and LaRouche concur, that the cognitive powers of mankind have changed the functional characteristics of the relationship of the biosphere to the non-living processes of our universe.

founding what had become the LaRouche-Riemann Method in physical economy.¹⁴ The result of bringing together those two streams of Classical-humanist thought, my own and Vernadsky's, on the universal subject of *man in the universe*, was a product which is, today, far better, far richer, than might have been brought about by the work of either of us alone. The product is to be viewed as a crucial case-study in the implications, and applications of what Leibniz was first to define, alternately as "*Analysis Situs*," or "geometry of position."

It is only from the vantage-point of that result, that we could effectively conceptualize our crisis-wracked world's leading policy-shaping challenges of today. The core of that argument runs as follows.

Any empirically valid statement in the form of *Analysis Situs*, takes us out of the confines of the domains of either a formal classroom mathematics, or the use of language according to a deductive-inductive, reductionists' mode. To restate that same point, any valid statement of a paradox, in the lan-

14. This ironical choice of terminology, LaRouche-Riemann Method, may seem an awkward one, but it is precisely accurate, whereas the contrary, "Riemann-LaRouche Method," would be flatly wrong in fact. My original discoveries were essentially completed prior to my taking Riemann's work into account. Thus, by applying Riemann's method to my prior discoveries, my discoveries were transformed from "LaRouche" to "LaRouche-Riemann."

guage of geometry of position, defines what is strictly defined, as by Plato, as an *ontological paradox*. In effect, such a paradox obliges us to abandon further efforts to explain away the paradox with mere words, or mere mathematical deduction, and, instead, to search for some *thing*, existing outside our pre-existing vocabulary and syntax, the *thing*, so to speak, which has cast the specter of a paradox across today's generally accepted expression of either popular or professional opinion. That "thing" is either a universal physical principle, or a newly encountered aspect of one, or a combination of such principles.

In each such instance, this *thing*, corresponding to the paradox, whatever we may subsequently discover it to be, takes us out of that domain of ivory-tower opinion-mongering, which tends to dominate teaching at the lecture-hall blackboard or mere textbook, and compels us, instead, to enter into the realm of physics. Or, as Riemann expresses the same point, in the conclusion of his celebrated 1854 habilitation dissertation. We must thus depart the realm of mathematics, as mathematics is usually, incompetently defined in terms of ivory-tower mathematics, as, in the extremely pathological cases, by Bertrand Russell and his fellow-ideologues.¹⁵

Riemann's argument, as he situated it in that and related

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

locations, is the essential basis for competent forms of globally applicable arguments, in matters of economic policy-making today.

The proximate source of Riemann's revolutionary discovery of 1854, was Kepler's development of a new method, as elaborated within his *The New Astronomy*. That absolutely revolutionized astronomy, most immediately, but also led through Kepler's successors, as through Gottfried Leibniz's unique creation of the calculus (of his "monadology's" non-uniform curvature of least action in the infinitesimally small), to Riemann's discovery.¹⁶

All of this to which I have thus just referred, is essentially elementary in nature. That is to say, there is no reasonable excuse for any post-adolescent student's failure to grasp this notion more or less perfectly. The difficulties are always the result of unreasonable, but still widespread behavior commonly induced among teachers and students alike. Without addressing those unreasonable causes of difficulties, actual grasp of the point were as unlikely as evidence to date attests.

Thus, if we apply the principle of *Analysis Situs*, as Kepler, Fermat, Huyghens, Leibniz, Kästner, Gauss, Abel, and Riemann, et al. have refined this, to those domains of practice which are characteristically efficient modes of action on the universe as a whole, we term each of the three known such categories of modes, as respectively distinct, universal physical principles. Each among the three sets is universally efficient, and thus universal, and produces corresponding types of physical changes in the state of nature.

We, thus, have the indicated, three distinct types of universal physical principles: those of non-living universality, the universality of living processes, and the ability of the individual member of the human species, acting through individually sovereign powers of cognition, to make those valid discoveries of universal principle through which the power of the human species in and over the universe is increased. Hence, cognition as such, represents a universal *physical* principle, with the same emphasis on *physical* otherwise specific to living and non-living processes.

From that point on, Vernadsky's definition of the noösphere and my own, coincide in exactly that degree. The difference between our arguments, lies in my apprehension of the implications of Riemann's work on the subject of mani-

folds in general, and *Analysis Situs* in particular, and its application to economics. Our arguments coincide to the effect, that I, like Vernadsky et al., view the biosphere as dominating the non-living planet increasingly, and that Vernadsky and I concur, that the cognitive powers of mankind have the manifest power to change, repeatedly, successively, the functional characteristics of the relationship of the biosphere to the non-living processes of our universe.

However, I recognize that, as of 1938, Vernadsky had not grasped the actual implications of Riemann's discoveries as such.

Also, I have no indications available to me, that Vernadsky would actually have accepted my proposition, that the evolution of the universe *as a whole* is determined, as Kepler argued, top-down, rather than as the simple-minded reductionists view evolution, as vectored bottom-up. *In other words, living processes do not evolve within the bounds of the universal principles of non-living processes, and, that, contrary to today's ideologues of molecular biology, the human mind's cognitive powers are not evolved from within the bounds of lower forms of life.* Rather, a subsuming universal principle of each and all, which we may call a principle of *universal creation*, governs all three processes, as from the top down. *The proof of that principle of universal creation occurs in the form of a proposition in Analysis Situs.*¹⁷

I have no evidence that Vernadsky might not have concurred with the latter point; but, I have no evidence that he actually did, although I strongly suspect, on good grounds, that he might have agreed if my proposition had been put to him.

That much said, let us go directly to the nub of the implications of Vernadsky's own notion of the noösphere, for defining economic policy today.

The point to be emphasized, is Vernadsky's argument from his standpoint in biogeochemistry. He shows that the biosphere is a product, in the sense of also being a by-product of the action of living processes on the non-living universe. This includes the oceans, the atmosphere, the soil, and so forth. This action by living processes, in turn, provides the indispensable preconditions for the existence and development of living processes which depend upon such prior and continuing self-development of the biosphere as a whole.

Contrast Vernadsky's definitions with the directly contrary, arbitrary presumptions of the silly class of self-named "environmentalists," who presume that the biosphere itself is a given magnitude, which man's existence depletes. Vernadsky emphasizes that man accelerates the development of the biosphere of which man's living existence is an integral

16. Contrary to the fraudulent reconstruction of Leibniz's calculus, by the radical reductionists Euler, Lagrange, Laplace, and Cauchy, the interval of action corresponding to Leibniz's infinitesimal differential, is not linear, but corresponds in geometrical form to what Classical Greek thought, such as that of Plato, defined as an "incommensurable," as Kepler had exposed, through empirical proofs, the incompetence of the connect-the-dots methods employed commonly by Claudius Ptolemy, Copernicus, and Tycho Brahe. In other words, Leibniz sought to define the approximately infinitesimal differential interval of a trajectory which corresponded to an orbit of non-uniform curvature of a planet, and to generalize such solutions for physical processes in general. Hence, Cauchy's celebrated linearization of the derivative was a fraud.

17. Just as mankind may willfully develop the preconditions of an environment suited to support human life on a colonized planet, so the principle of universal creation developed both the non-living and living processes on which the necessary preconditions for human life came into existence on Earth.



Man accelerates the development of the biosphere of which man's living existence is an integral part, a part which is essential to continue such ongoing development: directly contrary to the doctrine of the neo-malthusian utopians, such as Greenpeace.

part, a part which is essential to continue such ongoing development: directly contrary to the silly, arbitrary doctrine of the neo-Malthusian utopians.

In economics as such, Vernadsky's notion of the noosphere, is extended to define a general category which we reference, commonly, as "basic economic infrastructure." The point is brought more sharply into focus the instant we take up discussion of the steps required to build the kind of artificial environment on the Moon or Mars, needed to sustain human existence and activity there.¹⁸ We are obliged, then, to measure *the relative anti-entropy* of the artificial "environment" (i.e., the basic economic infrastructure) we must induce

18. This is no arbitrary choice of example. The fact that the principle source of cosmic-ray radiation impinging upon the Earth is the highly anomalous Crab Nebula, typifies the coupling of radiation of the universe at large with actions specific to our Solar System as a Keplerian astrophysical system. To control those periodic and related natural catastrophes, by which human life on our planet has been repeatedly imperilled in times past, we must go out into Solar space, and beyond, partly with instruments, partly with human scientific parties, to conduct the kinds of experimental investigations relevant to the kinds of discoveries to be sought. This will require, as the late Krafft Ehrlicke emphasized, the development of those industries on the Moon, where the greater part of the weight of intra-Solar travel will be constructed, chiefly from Moon-based materials. It will require deploying scientific parties, in quantities suggesting the Los Alamos center, into habitable conditions for significantly extended periods on locations such as Mars. We have not ventured for very long into the relevant scientific and engineering studies needed for such plans, without realizing that everything accomplished in creating habitats on Mars, for example, defines technologies which can more readily revolutionize the opportunities for human life in the most stubborn deserts of Earth itself.

into coming into being there. We must thus see infrastructure rightly, as man's replicating, while also extending, the same kind of processes which life, as a universal principle, has done to create the conditions we recognize as an upward-evolving biosphere on Earth.

In other words, those actions we call production, are dependent upon preconditions which are a combination, of what we recognize as biosphere, with what man adds as supplements to that biosphere, supplements we refer to as "basic economic infrastructure," such as transportation systems, power generation and distribution, and water production and management. In a favorable climate on Earth, much of the infrastructure is already provided as what we might call the "given environment;" on a foreign, alien body in space, we must create the equivalent of such an environment, in addition to "other essential elements of basic economic infrastructure."

For example, to develop a sustainable sort of synthetic environment, for situating a science-city on the approximate scale of the famous Los Alamos mission, on Mars, it would not be sufficient merely to introduce what convention regards as "basic economic infrastructure." We would be fools to rely upon an "artificial environment" alone for anything of longer duration than a short visit. We must cause life to develop a biosphere within the planet Mars.

For this purpose, we must study the upward evolution of the biosphere, under the control of the universal principle of life, on Earth. We must take into account, that the existence of any level of species on Earth, required the emergence of a certain level of upward-evolutionary, anti-entropic develop-



In economics as such, Vernadsky's notion of the noösphere, is extended to define the concept of "basic economic infrastructure." That issue is most sharply posed, when we consider the requirements for terraforming Mars, shown here in an artist's rendition.

ment of the biosphere. In other words, man did not emerge from evolution within lower species; man appeared when the biospherical preconditions for human life had been previously established.

In other words, rather than attempting to create an artificial environment, we must master the principles of life as such, to the effect of knowing how an anti-entropic biospherical process on Earth, developed the preconditions on which the emergence of successively higher forms of living species and varieties became possible. For the long-term scientific expedition on Mars, we must cause Mars to develop those biospherical qualities, as it might, to provide the "infrastructure" needed for a relatively long-term presence of human life.

What I have just written may be received by the reader as an indictment of the concept of "micro-economics." "Micro-economics" do not exist, because they could not exist in the real universe, but only in some infantile "Robinson Crusoe" fantasy, such as that of the rabid reductionists John von Neumann, Norbert Wiener, and Oskar Morgenstern.

Once we recognize that life has produced the biosphere

upon which human existence depends, and that the improvement of human existence requires a further development of the biosphere as man-made basic economic infrastructure, the preconditions for continued existence and development of the real economy at large are defined in a corresponding way.

Therefore, among the physical costs accounted as incurred by any local economic activity, we must include the costs of sustaining and developing further a basic economic infrastructure which includes the entirety of the biosphere, and also its development to the level at which the referenced quality of local economic activity becomes generally sustainable. Therefore, for sane and literate minds, "micro-economics" does not exist; only "macro-economics" as I have just defined it, does.

Hence, those who call themselves "ecologists" today, such as Britain's Royal Consort Prince Philip "I wish to be reincarnated as a deadly virus" Mountbatten, and the World Wildlife Fund which he and ex-Nazi Prince Bernhard combined to launch, are, in point of fact, the most deadly enemies of that "environment" which they profess to worship so devoutly. The natural development of the biosphere to the level it reached in modern centuries, has depended upon precisely those preconditions needed to produce the present scale of human population and pre-1966 level of physical economy of the planet. Should those principles of the noösphere which brought man's existence into being, be frustrated, the environment of this planet would collapse to levels at which virtually no continuation of human life on this planet would occur.

For example, the only effective way in which to minimize destructive forest fires, is to "garden" the forests, meaning also to "weed them" of the accumulated waste they produce, so as to reduce the combustible potential. The idea that existing conditions, without human intervention, are "natural conditions," and represent a "pure state of nature" to be protected from human hands, is an epidemic form of mass insanity which threatens to bring about something approximating both the lowering of the level of the biosphere, and even the potential suicide of the human species, at least in its greater part.

Today, in the collapse of the "environment" caused, exactly, by the growing influence of the so-called "ecologists," we see the prospect of the self-doom of the human species by the hand of its own lunatic hatred of the principle of scientific progress.

The Hoax Named 'Information Theory'

The first step toward the development of modern computing machinery, was Kepler's design and use of a mechanical calculator which he developed and employed to simplify the labor of his astrophysical calculations. A few decades later, a virtual duplicate of Kepler's design was replicated by Blaise Pascal. In Paris, Leibniz went qualitatively beyond Pascal's device, in designing the first working form of what we should recognize as modern mechanical calculators. Later, Leibniz not only adduced the use of the binary system by the ancient

Chinese, but defined the elementary principles involved. During the Nineteenth Century, a leading English follower of Leibniz, Charles Babbage, perfected the design of mechanical devices which contain all of the essential working principles of the punched-card-using, digital electronic computers of the Twentieth-Century.¹⁹

Notably, Babbage's designs included the use of one deck of punched cards to contain the program controlling the sequence of calculations, as distinct from a second deck containing the data to be processed.

The advantages of the mid-Twentieth-Century development of electronic digital computing and control apparatus, over Babbage's engines, lay in the improvements in refinement of the methods and materials of production employed to construct calculators which were essentially copies of Babbage's original design. During the latter half of the past century, electronic modes superseded mechanical ones, increasingly, and improvements in materials and electronics brought about giant steps in increasing the capacity, rates of action, and reductions in cost achieved.

Notably, much of the improvement in the methods of construction of digital calculating machinery, such as the impassioned obsession with miniaturization and increased speeds, was the result of the impact of "crash programs," that in such spheres as the development of nuclear weapons-systems and in space-exploration programs such as the Kennedy Manned Moon-Landing program of the 1960s. This progress was, plainly, not the fruit of so-called "information theory," or "new economy," but "good, old-fashioned" fundamental progress in discovery and application of new physical principles.

Typical of this, one study of the results of the Kennedy "crash program" for space was the return of more than a dime's worth of increased productivity for the U.S. economy of the mid-1970s, in return for every government penny spent on the 1960s program.²⁰ All of this nothing other than good, "old-fashioned" physical science, not some rabid Crowleyite theosophist's infantile, satanic fantasy concerning the mystical magical powers of "information."

Think of "information theory" as an analog of the culprit Aaron Burr, and the "new economy" as a parallel to the work of Burr's heir in subversive schemes, Martin van Buren. Nei-

19. Babbage, together with Cambridge fellow-students Herschel and Peacock, produced the famous paper, ridiculing Newton and defending the Leibniz calculus, which subsequently prompted the British to abandon further wasting of time with Newton's hoax, and, instead, adopt the model of Cauchy's mutilation of the Leibniz calculus. From this point on, Babbage, partly in collaboration with his fellow-student and leading British astronomer, the younger Herschel, launched what became the basis for Twentieth-Century forms of digital computing machinery.

20. In April 1976, Chase Econometrics released a study on increased productivity from new technologies introduced by the space program. See Marsha Freeman, "Space Program Spending Paid for Itself Many Times Over," *EIR*, Feb. 23, 1996.

ther of those shell-games is actually a product of science, but the spawn of a lunatic belief which is, in turn, symptomatic of a modern revival of pagan religious mysticism. The clearest example of this, is the combined effort of British intelligence's H.G. Wells and Bertrand Russell, in their convergence around Wells' 1928 *The Open Conspiracy*,²¹ and their close association, together with Aldous and Julian Huxley, and George Orwell, with the psychedelic cult of the referenced theosophist of the "Golden Dawn," Aleister Crowley.

The religious issue, is typified by Fabians George Bernard Shaw's and Bertrand Russell's, pro-Venetian, Nietzsche-like hatred of Christianity. By this, I mean, specifically, their fanatical hatred of the Mosaic notion of man and woman, as each made equally in the image of the Creator of this universe, man as endowed with powers over all things in the universe in likeness to the powers of that Creator. In physical science, the correlative of the Christian view of that Mosaic principle, is the notion of human species and its sovereignly individual person, as set apart from, and above all other living things, by virtue of the sovereign power of the human individual for acts of *cognition*, as distinct from the dead soul's characteristic reliance on deduction. By *cognition*, we signify the potential of the individual human mind, not only to think in terms of what we have treated here as *Analysis Situs*, rather than merely deductive logic, but, also, the ability of that individual mind to discover experimentally validatable forms of truly universal physical principles, by means of which the human species' power to exist in, and control the universe, is willfully increased.

This view of the essentially cognitive nature of the human individual and species, as distinct from and above all others, is correlated with an absolute abomination of those conceptions and practices, by means of which some people, such as both the Confederate slaveholders and today's advocates of "shareholder interest," herd, use, and cull flocks of other people as if the latter were a human form of expendable cattle. These opposing views of man's nature, are best known in European history as representing the conflict between the Classical humanist standpoint, on the one side, and the so-called oligarchical, or Babylonian model, on the opposing side. In globally extended modern European civilization, these opposing conceptions of both man and Creator are recognized as the conflict between the Classical-humanist and Romantic conceptions of man, God, and society.

Russell and Wells typify, as *The Open Conspiracy* attests, as Nietzsche and such among his followers as the Nazi philosopher Martin Heidegger also do, the most murderous and rabid version of the Romantic, anti-Mosaic conception of man. The oligarchical view expressed typically by Wells and Russell, is common to ancient Babylon, the Delphi cult of the Pythian Apollo, and the culture of Latin Rome; but, that oli-

21. H.G. Wells, *The Open Conspiracy: Blueprints for a World Revolution* (London: Victor Gollancz, 1928).

garchical heritage, is most commonly to be recognized, today, in all its trappings, by the common name of *Romanticism*, so indicating it to be a legacy of the depraved culture and law of ancient Rome. By that, we should signify Romanticism as it is so identified in science, in art, and in law and politics.

Since the existence of today's globally extended European civilization took its origin from ancient Greece's building beyond the cultural foundations supplied to it from ancient Egypt, it is the traditional conflict between Classical Greek culture's conception of man, as typified by Plato's work, on the one side, and the Romantic legacy, on the opposing side, which defines all among the principal conflicts over culture, within globally extended European culture ever since.²²

At the center of these conflicts, there is always but one single underlying issue: the nature of the powers of the individual human mind. Is the nature of the human individual, either, that defined by the principle of cognition, or, by the notion of sense-certainty? *In matters of physical science, this conflict over human nature, is expressed as a contest between the standpoint of cognition (e.g., Analysis Situs) on the side of Classical humanists such as Jesus Christ and his Apostles, and reductionist deductive logic, such as that of Bertrand Russell, Norbert Wiener, John von Neumann, et al., on the opposing, Romantic side.*

The Classical view, correlates with Vernadsky's conception of the noosphere; the contrary, anti-humanistic, so-called "ecologist" standpoint, is derived from the legacy of Gaea's Delphi cult of the Pythian Apollo. It is that Delphi cult, as transmitted to modern times in the form of Romanticism, which is the enemy of mankind within, and the source of the fanatical blind faith in "information theory" and "systems analysis" exhibited so widely, and so destructively, today. There lies the essence of the fundamental political and moral conflict within the world as a whole today.

There lies, precisely, the nature of the conflict between sanity and "information theory." The conflict is not a product of some honest difference among working scientists. Rather, "information theory" is a purely a pagan religious belief, which has been superimposed upon science and economics by such pagan acolytes of Bertrand Russell as Norbert Wiener and John von Neumann, and enforced as if by some Babylonian *Gestapo*. Such is, predominantly, the role of such agencies as the committees of the peer-review priesthood, which, since Eliot's and William James' reigns at Harvard Univer-

22. The highest level of culture achieved by European civilization prior to the Fifteenth-Century Renaissance, was embodied in the continued developments within Hellenistic culture prior to the Roman murder of Eratosthenes' correspondent Archimedes. Contrary to Romantic legends, often mistaken for real history, Rome made no independent contribution to *the progress of civilization*, and sent Europe and the Mediterranean reeling backwards in cultural development and morality generally for far more than a millennium since its founding among the Latins according to the model of the Delphi cult of the Phrygian Apollo.

sity, rule over, and usually ruin both the certified opinions of our universities, and the authorized U.S. teaching of science in general.

The case of the notorious Physiocrat of Deer Park and Voltairean notoriety, Dr. François Quesnay, typifies the moral perversion which the modern European Romantics introduced to the shaping of the conceptions underlying the usual making of economic policy.

Quesnay's notion of *laissez-faire*, as dutifully plagiarized, as "free trade," by Lord Shelburne's lackey, Adam Smith, decrees that the net gain of the aristocratic feudal estate, is brought into existence by nothing other than the aristocrat's possession of an assigned hereditary title to the estate, on which the function performed by the farmers, as serfs, or the "dead souls" of the celebrated Gogol story, is merely that of human forms of cattle. Quesnay's views are, notably, those of the tradition of the Norman *Fronde*, with which that forerunner of the Emperor Napoleon Bonaparte, the corrupt Sun-King, pagan worshipper of Sol Invictus, and self-anointed Pontifex Maximus, Louis XIV, had allied himself, against the policies of Cardinal Mazarin and Jean-Baptiste Colbert. These pro-paganist, pro-oligarchical cults of Louis XIV and, later, Quesnay, were also a syncretic copy of the core dogma of that *Bogomil* cult which English jargon identifies as "the buggers," from which, thus, the form of "buggery" known as "free trade" is descended, to the present day.

More emphatically, the otherwise curious cause for the fact, that political-economy did not come into existence until Europe's Fifteenth-Century, Italy-pivoted Renaissance, is a direct reflection of that oligarchical tradition which defined the mass of the population, by conventional imperial law, as virtual human cattle. So, Quesnay's anti-Renaissance, pro-medievalist doctrine of *laissez-faire* defines the economic role of the serf.

As the notorious Venetian of Padua, Pietro Pomponazzi, typifies the same point, the oligarchical view of man is, in all its underlying systemic features, the *mortalist* conception of the human individuality, as all strictly deductive method defines the human individual as implicitly, *systemically*, of a *mortalist* type. For the oligarchist in general, as for Pomponazzi in particular, the human soul does not exist, because, as Immanuel Kant based all of his series of *Critiques* on this, cognition (e.g., "synthetic judgment *a priori*") is asserted either not to exist, or, according to Thomas Hobbes and other such fellows, that it should not.

On this, Kant merely followed the perfervid Leibniz-haters and Bach-haters, such as Voltaire and Leonhard Euler, who, in turn, were, like Quesnay, essentially mere creatures of the network of salons and Rameau- and Algarotti-lovers, created by the Paris-based Venetian Abbot, and Leibniz-hater, Antonio Conti. All in all, these Romantics were a sordid crew of pagan rascals.

Thus, since such rascals deny the existence of an actual

Creator, or, as Plato calls him, the Composer, they seek to fill the vacuum of belief so arranged by inventing all sorts of gods, such as the Olympian variety, Moloch, and modern empiricist, positivist, and existentialist forms of so-called secular belief-systems. The model of the Delphi cult of the Pythian Apollo, as used for artificing the belief-systems of pagan Roman culture, provides the feudal and modern context for all such perverted forms of syncretic and secular expressions of religious beliefs, such as the Bogomil variety of satanism emulated by the wretched Quesnay.

It was on the axiomatic premises of this anti-cognition, mortalist view of the nature of the human individual, that Bertrand Russell, H.G. Wells, and such Russell acolytes as Wiener and von Neumann, defined and launched the anti-scientific hoax called variously “information theory,” “cybernetics,” and “new economy.” The fact that fools believe that a principle of design of calculating machinery fully developed by the early through middle Nineteenth Century, was a new physical principle of the Twentieth Century, properly implies the smell of a hoax in the “information theory” myth as a whole. In fact, that myth is not a product of the modern Twentieth Century, but, rather, as I shall now indicate, an attempt to return economics to the medieval level already achieved by the eruption of the famous New Dark Age of Europe’s Fourteenth Century.

The Birth and Role of Economics

The founding of real political-economy was inevitably delayed until those forces within Christianity, which were associated with the Fifteenth Century’s great ecumenical Council of Florence, established a revolutionary new principle of statecraft: that no government had the moral right to exist, except as it was efficiently committed to promotion of the general welfare of all of the living and their posterity alike. This is exemplified, as to principle, by two writings of one of the architects of the Council of Florence: Nicholas of Cusa, in his *Concordantia Catholica*, in which the conception of a community of principle among modern, respectively sovereign nation-state republics was introduced; and, his *De Docta Ignorantia*, upon which the founding of modern European experimental physical science was premised. This revolution was set into motion, by the beneficiaries of Jeanne d’Arc’s martyrdom, by King Louis XI’s Italy-inspired revolutionary institutions in France, and by England’s Henry VII thereafter. Before these developments, modern political-economy existed in no known part of world history.

Here we meet the irreconcilable conflict between the hoax called “information theory,” and human nature.

The establishment of the modern sovereign form of nation-state, according to the principles I have just summarily identified, was the greatest, and most profound political and social revolution in history or known pre-history. It was this revolution which, for the first time, introduced the Mosaic

conception of man as the real practice of society. For the first time, a form of state and of law of governments, was brought into being, which outlawed the continued practice of relegating masses of human beings to the status of virtual human cattle, a status which inheres in the juridical notions upholding either slaveholder and shareholder “values.”

By making the cognitive quality of human nature the premise for defining and implementing natural law, the development and utilization of the cognitive powers of the individual person, became the foundation of statecraft and its constitutional law. The correlated commitment to scientific, technological, and related cultural progress, combined, as implicitly embedded in the notion of the general welfare, or common good, brought the existence of political-economy into being for the first time.

Thus, the rate of progress, as progress is so defined, became the underlying expression of all good government, all good society. The rate of such implicitly measurable progress, in the development of the productive powers of labor, per capita and per square kilometer, and in the improvement of the actuarial, demographic characteristics of family households and the population as a whole, became, thus, the central feature of all good government, all good policy-making by society.

Here, the crucial connections between my own development of the science of physical economy and Vernadsky’s notion of the noösphere come into play. A notion of Riemannian forms of upward evolutionary development within the context of a noösphere, now define what we must agree to signify by the term “increase of the productive powers of labor.”

This increase of the productive powers of labor has two aspects, both of which represent the fruits of the role of the method of *Analysis Situs* in the cognitive functions of the individual member of society:

First, *the cause of every increase in the human species’ power to exist in the universe, is the expression of the discovery of valid universal physical principles.* This includes each and all of the three classes of universal physical principle I have underlined earlier in this report.

Second, *since the cooperation necessary for the social fostering and implementation of such discoveries, determines whether principles known to some will be used to increase the productive powers of the society (economy) as a whole, these aspects of the cognitive relations among persons, constitute a distinct body of scientific knowledge, of the type usually identified as validatable principles of Classical artistic composition.*

The latter body of principle includes not only the Classical mode of composition and performance of plastic and non-plastic forms of artistic composition. A religion based on the Mosaic principle’s, and Plato’s conception of Creator and man, shares all of the qualities of Classical artistic composi-

tion.²³ Similarly, Classical studies of history, law, and other matters of statecraft, are also part of the body of Classical artistic knowledge.

In all aspects of this second category of Classical principle, the relationship among persons, and of the individual with society, is essentially an expression of discovery of the principled features of the processes of cognition as such, as distinct from physical science's emphasis on the relationship of man to nature. Thus, by physical science, we ought to agree that we signify man's increased power, as a species, within and over the universe. By the principles of Classical artistic composition, we ought to agree that we signify those cognitive relations through which persons are enabled to cooperate in the fostering and application of the benefits of physical science, that to the included effect of increasing the potential relative population-density of the human species. We should understand, that these are not separate cultures, but two aspects of an inseparable functional quality of interdependency between both.

Political-economy, therefore, is to be defined as such a functional interdependency of the two. So, for example, the material costs to society, of maintaining the modes and qualities of education required to foster increase of the productive powers of labor per capita and per square kilometer, are an essential, functional cost incurred by production. Similarly, the cost associated with the fostering of Classical forms of artistic composition, is also an indispensable, "macro-economic" cost of production of the entire society.

Herein lies the key to the criminal implications of that perpetrated hoax called "information theory" or "new economy":

First, since the continued existence of society requires increase of the productive powers of labor, the emphasis must be on fostering the development and employment of the cognitive powers of the individual, individually, and in cooperation. Information theory not merely denies the existence of cognition, as Russell and his acolytes Wiener and von Neuman did explicitly, but attempts to eradicate those conditions which are necessary for the fostering of the development and use of the individual cognitive powers.

Second, the role of cognition in defining the existence of the noösphere as a noösphere, shows that fads such as "information theory," "systems analysis," and "neo-Malthusian" utopianism generally, must actually tend to bring about the very ecological catastrophe which the foolish utopians avow themselves dedicated to preventing.

Nashville and The Bomb

There is no evil widely perpetrated during the recent two centuries which represents as great a threat to the human species as a whole, not even Adolf Hitler's Nazism, which has

23. E.g., Plato, *Timaeus*, passim.

been as severe, and actually mass-murderous as the utopian ideology which rallied H.G. Wells and Bertrand Russell to common cause around Wells' 1928 *The Open Conspiracy*.

In the U.S.A. itself, the chief mass-based, practical political expression of that same quality of utopian criminality, is typified by the influence and ideology of a group of pernicious characters self-described as "The Nashville Agrarians."²⁴ This influential group, which trained and promoted utopian figures such as both Zbigniew Brzezinski and Henry A. Kissinger, among its prominent acolytes, brought together two currents of utopianism, those of racism-motivated, militantly pro-Confederacy nostalgia, and the doctrine of the Wells-Russell *Open Conspiracy* pact, under a single strategic intention. The result is that which has unfolded inside the U.S.A. itself during the recent thirty-five years, since the 1966 full-scale launching of the so-called "Southern Strategy" under the banner of Richard M. Nixon's 1966-1968 campaign for election as U.S. President.

As unfolding political developments inside the U.S.A. have shown, the pro-racist "Southern Strategy," which took top-down control over both the Henry Kissinger-linked Republican Party and the Zbigniew Brzezinski-crafted Jimmy Carter wing of the Democratic Party, did not aim actually to reinstall formal return to slave-status for U.S. persons of putatively African descent. Not that these sections of both major parties are not racist. Rather, it was a different aspect of the Confederacy tradition, which motivated the Southern Strategy, an aspect on which the British *Open Conspiracy* utopians found common cause with the Nashville Agrarians. These distinguishing features of the matter must be made clear, to understand the self-destruction which the U.S. economy has undergone during the recent thirty-five years.

The defunct Confederacy's special cant, the so-called "peculiar institution" rant,²⁵ had two aspects. Most glaring, was its insistence on its doctrine, that it was chattel slavery in the slave-states which enabled the South to produce a British-like gentry-class, whose alleged quality of nobility was to be admired and contrasted with the allegedly uncouth northern Yankee industrialist. However, the Nashville Agrarians did not profess an intention to revive the cause of slavery as such, but, rather, retained the intention to reconquer the U.S.A., by other means, but for the sake of a gentry-class in the image of what the Confederate ideologues of that "peculiar institution" identified as the goals served at the cost of freedom of the slaves. The objective was not to reinstitute the disbanded system of chattel slavery; the objective was to destroy those

24. See reports by Stanley Ezrol, "William Yandell Elliott: Confederate High Priest," *EIR*, Dec. 5, 1997; "Vanderbilt University and the Night Writers of the Ku Klux Klan," *New Federalist*, Oct. 7, 1996, p. 7; "Elliott and the Nashville Agrarians: The Warlocks of the Southern Strategy," *EIR*, Jan. 1, 2001.

25. See, for example, Kenneth L. Stamp, *The Peculiar Institution: Slavery in the Ante-Bellum South* (New York: Knopf, 1956).



The “Southern Strategy,” launched by the Nashville Agrarians, took off with Richard Nixon’s 1966-1968 campaign for the Presidency. Here, Nixon in Georgia, 1973.

independent farmer, industrialist, and related “Yankee”-style republican institutions, by means of which President Lincoln’s leadership had defeated both the Confederacy, and the efforts of Confederacy-backer Lord Palmerston to split the U.S.A. among a Balkanized set of perpetually quarrelling petty tyrannies.

Lincoln stopped what some top-ranking New York Democratic Party leaders around August Belmont reported and advocated, as the British monarchy’s intent to use the Confederacy to “Balkanize” the North American continent.²⁶ Yet, today, the goal of destroying the U.S. as a viable agro-industrial power, has been largely realized, along the lines of the Nashville Agrarians’ rant, during the course of the recent thirty-five years rise of the so-called “Southern Strategy.”

With this goal of types such as the Nashville Agrarians, not only Wells and Russell, but also Winston Churchill were implicitly in enthusiastic agreement. Enter the role of Nashville Agrarian William Yandell Elliott and his two most notorious Harvard acolytes, Zbigniew Brzezinski and Henry A. Kissinger. The pivotal feature of the connection between Russell, and Elliott’s two roguish misanthropes, is typified by the

circumstances of Kissinger’s acquiring what was to become his life-long devotion to Russell’s and Wells’ utopian dogma, of *world-government through sustained terror of the menace of nuclear weapons*.²⁷

Thus, Kissinger, after advanced training by British intelligence at the London Tavistock Institute, was assigned to a special team, under Wall Street’s John J. McCloy, at the New York Council on Foreign Relations. There, under the immediate patronage of oligarch McGeorge Bundy, Kissinger began his career in tandem with Russell and Russell’s leading agent Leo “Dr. Strangelove” Szilard. Thus, later Jimmy Carter-handler Brzezinski, a Wells follower who defined his expertise as within the domain of Mackinderesque geopolitics and post-industrial utopianism, emerged as the post-Nixon “Henry Kissinger” of the pro-“Southern Strategy” wing of the Democratic Party.²⁸

During the mid-1970s, the team assembled by Brzezinski to handle their Jimmy Carter puppet, compiled a series of policy-studies,²⁹ within which a policy called “controlled disintegration of the economy,” was elaborated, a policy formally put into effect by Carter-appointed Federal Reserve

26. Belmont, whose correspondence of the period emphasized the British intent to use the Confederacy as a means for balkanizing the U.S.A. in that way, backed 1864 Democratic Presidential candidate McClellan for the purpose of securing a separation and peace with the Confederacy. McClellan had been an able general, but was consistently unwilling to carry any victory to the point that it might lead to a defeat of the Confederacy’s ability to exist as a separate nation. Some would call both Belmont and McClellan traitors on that account. Actually, Democrats Polk, Pierce, and Buchanan would have to be included, too.

27. Bertrand Russell, *The Bulletin of the Atomic Scientists*, Sept. 1946.

28. Zbigniew Brzezinski, *International Politics in the Technetronic Era* (Tokyo: Sophia University, 1971). Naturally, neither Kissinger nor Brzezinski ever enjoyed the fact of even the mere continued existence of a patriotic Lincoln follower like me, even a little bit, and I have the scars from dirty U.S. secret-government operations Executive Order 12333 and related kinds of operations, to show for that.

29. *Project for the 1980s*, (New York: McGraw-Hill, 19..)

Chairman Paul Volcker, beginning October 1979. In fact, the anti-farmer, energy, and anti-regulation policies of Carter were already phases of implementation of that policy. Earlier, the policies of President Nixon had been along the same lines from the beginning of his first administration: Nixon's actions dissolving the post-war Bretton Woods agreements, as of mid-August 1971, and the ensuing austerity measures under the rubrics of Phase I and II, were measures for bringing about disintegration of the U.S. economy. Under Nixon, the Kissinger-orchestrated 1973 Middle East war and the ensuing oil-price shock, were also measures aimed at controlled disintegration of the economy. Later, the 1982 Garn-St Germain and Kemp-Roth legislation, were calculated actions aimed at furthering the disintegration of the economy. The pattern goes on, and on, and on, throughout the 1969-2001 interval to date.

The same policy of controlled disintegration was conducted on a world scale, as much as within the U.S. itself. IMF policies since 1972 have all been to that intent and effect, and the World Bank's, too. The so-called "structural adjustment" conditionalities of the IMF and World Bank could have had no different effect than we have witnessed in each case, to induce the controlled, systemic disintegration of each national economy subjected to such terms. The wrecking of both what had been the U.S. domestic economy, and also its principal export-markets for high-technology capital goods and engineering services, all contributing to destroying the economies of allies and others alike, as well as our own.

The 1989-1991 break-up of Soviet power, was used as the occasion to introduce what is called today "globalization": the dissolution of the sovereign nation-state, in favor of the kind of world government Wells and Russell sought, for which Henry Kissinger had worked, and whose results are in accord with the utopian social prejudices of the Nashville Agrarians.

Crucial in this, was the pro-nihilist "rock-drug-sex youth-counterculture" spread on the university campuses of the middle through late 1960s. The insertion of neo-Malthusian dogmas into those targetted strata, fostered an outpouring of hordes of brainwashed victims of this cult, from the university campuses, into the upward-rising ranks of the dominant economic, political, and cultural institutions of the nation.

The 1933-1965 recovery and growth of the U.S. economy had been based politically on the social basis provided by a vigorous technological revolution among family farms, the growth of industrial excellence, proud, closely-held, medium-sized firms led by technologically progressive entrepreneurs, and corresponding legions of able professionals. This represented, in aggregate, a powerful constituency, committed to the U.S. tradition of scientific, technological, and social progress. The mobilization around the Southern Strategy, combined with the calculated destruction of both the economic and political forces of technological progress, wrecked the U.S. economy, while shifting economic and political

power southward, away from what was condemned, thus, to become the so-called "rust belt," and into the hands of what was emerging as an increasingly, morally and economically decadent upper twenty percent of the nation's family-income brackets.

Meanwhile, the fear of "the bomb," was used to terrify the population increasingly into a fear and hatred of science and technology as such. The fear of radioactivity, which became suddenly acute during the 1962 missiles-crisis, drove masses of immature, susceptibly suggestible suburbanite minds into anti-technology fads, and a general leaning toward neo-Malthusian cults.

The result of the process summarily described so, was a shift in the set of assumptions upon which national policy-making was premised. The result was, that the preponderant trends within the political and economic-policy structures and institutions of the nation, was a going-over from policies which had been pro-growth until the middle 1960s, into policies whose net effect became increasingly actions to bring about negative growth, entropy, over the period 1966-2001.

Into this process of combined moral and economic degeneration of the U.S.A., the cult of "information theory" was unleashed during the middle 1960s. Instead of increasing man's productive power in nature, the trend became the mere manipulation of symbols. Technology, which used to mean increase in the productive powers of labor, came to mean the mere manipulation of symbols. One might say, the nation has become increasingly symbol-minded ever since.

Why Baby Boomers Usually Fail

To gain insight into the systemic quality of incompetence which predominates among both economists and other economic-policy influencers from the under-fifty-five, Baby Boomer generation, we must show a certain compassion toward the general run of such poor fellows. When we consider the circumstances under which such university students of the late 1960s and early 1970s reached adolescence and adulthood, we should not be surprised at those crucial deficiencies of their moral and intellectual development, with which most among them continue to be burdened, more or less severely, up to the present time.

The reasons for the prevailing incompetence of these social strata are, chiefly, two. One is a combined lack of competent education and of practical experience in the subject-matters for which they claim expertise. The other, is the lack of any true morality which was induced among most of that stratum, by the combined, successive effects of the their parental households of the suburbanite 1950s, and the post-1962 eruption of the radically existentialist "rock-drug-sex youth-counterculture." For our purposes here, it is sufficient to focus attention on several among the relevant features of that process.

To begin with, consider the differences in the adult experi-



Lyndon LaRouche (third from left) visits a school for shoe manufacturers in Italy, October 2000. His youthful training in the shoe industry was intended to provide him, like others of his generation, with an understanding of the outlook of top management “from the bottom up,” in order to understand it, also, “from the top down.”

ence, in education, and conditions of employment, of the person who was either in military service during World War II, or who, was, at least, employed in ways relevant to the profession of an economist or industrial and related management, during the post-war interval 1945-1965. My own experience, while exceptional in several respects, is otherwise typical of the best qualified professionals who came into practice during that post-war period.

From the age of fifteen, I was being trained, then under my father’s direction, to fulfill his intention that I follow in his own, and his father’s footsteps, to become a future executive in the shoe manufacturing and related fields. To this end, my education, at the age of fifteen, included part-time, Summer employment in lowly factory occupations. The point to be emphasized here, is that I experienced such employment under the governance of consciousness that I was intended to use this experience, to understand the outlook of top management from the bottom up, in order to understand it, also, from the top down.

This was not a unique practice among households similar to my own, during that period. The proverbial gut of the ownership and top executive ranks of those closely held enterprises on which the strength in depth of our economy used to be based, came from adolescents who were assigned to begin their future role as executives or owners in that same general way. This was as true of the typical closely held manufacturing enterprise or technologically progressive family farm, as

my own youthful experience typifies the general case.

The relevant, key phrase for the purposes of the subject under discussion here, is “from the bottom up.” In other words, toiling in the relatively lowest position of employment, as part of the process of “working one’s way up from the bottom,” preparing to assume a leading executive position in that type of enterprise: How does that young novice look at that day-to-day experience?

He, or, today, she, too, is of two minds. In the one mind, he is toiling away at the bottom. In the other mind, he is trying to see himself, his situation, and the purpose behind his employed activity, with a special kind of critical view, as if from the top of the enterprise’s management. From my experience back then, an experience affected by the fact that, at the same time, I was engaged in defending Leibniz against Immanuel Kant’s *Critique of Reason*, I chose to adopt the term “self-consciousness,” to describe the importance of looking at oneself as if watching oneself from above, as if seeing one’s individual activity in the functionally definable context in which it is situated.

This habit, of looking at one’s individual activities, as if, simultaneously, from above, and from the standpoint of the functional context in which the activity is situated, was not peculiar either to me, or limited to persons who were being groomed, from the bottom up, to become future top executives. In every relevant case, from my more than two decades of experience in industry, whether as executive, consultant,

or “lowly operative,” all of the best industrial and related operatives looked at their life’s experience in and on the job in a kindred way.

A study of the contents of the suggestion-boxes from those decades, attests to precisely that. The superior quality of top executive, or lowest-ranking operative, is to be found in those who viewed their own personal experience “on the job” in just the way I have just described my own apprentice’s experience from the late 1930s.

For persons of such experience and disposition, the ceaseless question was: *How should quality and productivity be improved?*

Constantly, that question came back, again and again, to technology. By “technology,” we understood *physical* technologies. Even when we broadened our concept, to consider administrative technologies, for example, we defined the latter in terms of practical relevance to matters of physical technology: product design, product quality; increase of the productive powers of labor, maintaining and planning inventories, physical distribution of supplies, materials, components, and product output, and so on.

As some of us came to look at technology in a deeper way, from the standpoint of proof-of-principle experiments, we came to recognize that the proper definition of “technology,” is either a by-product of experimental proof of some universal physical principle, or a similar problem arising from combining two or more already known technologies in ways not known to us earlier.

Therefore, any among us who passed through that kind of combined experience with lowly and other levels of the work of operatives, on the one side, and the design and direction of productive technologies and output, on the other, never lost a physical sense of economy in general. Thus, on this account, there was always, in every relevant industrial corporation, a systemic conflict between the most successive industrial executives, especially the most effective production executives, on the one side, and the epidemic “ivory tower” ideologies of the Wall Street types of financial representatives and accountants, on the other side.

In short, the latter type’s method, was the children’s game of connect-the-dots, the proverbial “bottom line;” whereas, the industrialist’s and progressive farmer’s standpoint, was that of the intrinsically “non-linear” physical principles, of physical science for example, which represent the real connection between successive points in the economic trajectory of real economy, physical economy.

Even before the post-missile-crisis panic of 1963-1966, the typical suburbanite Baby Boomer was already tending to shrink away from the idea of a term of youthful apprenticeship on the proverbial factory floor. The mythos of “White Collar” and “The Organization Man,” was taking over among the households from which a dominant portion of the university undergraduates of the late 1960s would come.

The trend among those Baby Boomers, which more and more of the parents strongly encouraged, was to plan to go directly to “top management,” or the equivalent, “without ever passing Go;” without ever gaining a sensuous feeling for the physical realities which top management must, presumably, direct!

With the notable fraction of exceptions, the general trend of suburbanite Baby Boomer effluent into the late 1960s university classroom, was to find the formula which would serve as a substitute for one’s lack of real knowledge of the processes one aspired to manage. For that sort of defective student personality, the attractions of cultish nonsense such as the “number theory” of Bertrand Russell’s acolytes, and “information theory” and “cybernation” in general, were more or less inevitable attractions. “Mother said: ‘Don’t do anything to get dirty;’ and ‘always plan to wear a white shirt to work, when you are grown up.’”

Thus, in the main, out of the generation of university graduates from the Baby Boomer generation, our nation produced a type whose intellectual relationship to the realities of economy, and physical science generally, was, quite literally, functionally schizophrenic.

This, by itself, was bad enough. The worst functional brain damage was usually done in the so-called liberal-arts departments. It was the combination of the two morally corrupting influences, which suffice to account for the pervasive intellectual bankruptcy of today’s still-prevalent type of professional economist silly enough to actually praise Federal Reserve Chairman Alan Greenspan today.

The explicitly immoral characteristics of the educational policies imposed upon the Baby Boomer and succeeding generations, boil down to statements of the form: “There is no truth; there is only opinion, and you will accept my opinion, if you know what is good for you!” This rampant indoctrination in galloping immorality, took one form in the English-speaking world, and only slightly different form in such currents radiating from continental Europe.

In the English-speaking world, the names for this moral corruption were known as empiricism in general, and pragmatism. From continental Europe, the relevant titles are existentialism and positivism, especially logical positivism, such as that of Russell acolytes Wiener and von Neumann. Typical of the very worst of these influences, is that of existentialist imports into the U.S.A. from the Frankfurt School, used for the stated intent of aiming to brainwash the U.S. population, such as Theodor Adorno and Hannah Arendt, the latter the one-time crony of Nazi philosopher Martin Heidegger. The putatively “left-wing” fascists, Adorno, Arendt, Horkheimer, Walter Benjamin, et al., defined the “enemy” as any typical representative of what Henry Kissinger has denounced as “the American intellectual tradition,” the so-called “authoritarian personality,” meaning anyone who insists on telling nothing but what one

knows to be the truth of an important matter.³⁰

Thus, the victims of that syndrome, cut themselves off from reality, by retreating from physical reality, into the ivory-tower world of symbolism, while, at the same time, reducing the judgment of opinion, as Kant, Hegel, Savigny, Carl Schmitt, et al., did, to the caprices of what the fascistic Hegel identified as a *Weltgeist*, or other terms used as synonyms for *vox populi* or popular opinion. The victims of such indoctrination become the kinds of prospective recruit to fascism who says, "It is right, because the people I like to be associated with agree with me."

The result of such combined effects, is a body of leading policy-shaping opinion which can not bring itself to do anything which deviates from the prevailing, arbitrary standards of belief of those currents of opinion which are regarded as constituting current authority. These are the lunatics who tell us that "globalization is inevitable," merely because certain circles currently in positions of power decide it should become inevitable. Thus, since a policy of globalization would ensure the early onset of a planetary new dark age, what is actually inevitable is the early destruction of any civilization insane enough to insist on attempting to enforce the alleged "inevitability" of globalization. Such insanity, is but typical, and obviously so, of the majority of the current crop of Baby Boomer economists and kindred policy-shapers.

2. Forecasting Versus Predicting

Think of forecasting, not as like a bettor's attempt to predict the outcome of a horse-race, at some defined point in time, but as navigating according to a map, a map which covers a number of varieties of terrain, various climates and seasons, and under varied other conditions. Think of forecasting in terms of posing to oneself such questions as: "What destination shall we choose; what route shall we take; in what season; and by what means?" In such approaches, the notion of hard-and-fast determinations in simple clock-time, is pushed to one side. A sense of early and remote, near and far, persists, but the notion of exact time is pushed aside, out of preference for notions of: what is relatively near, and what is relatively far; what is the general rate at which a likely destination will be approached, whether the decision were likely to lead along a downward or upward slope, and that at what general rate?

If the reader might regard the lack of greater precision on the matter of date and precise clock-time, as representing a lack of the forecaster's scientific competence as a statistician, the reader needs to greatly improve himself on the matter of the most important point of all about science itself.

30. T.W. Adorno et al., *The Authoritarian Personality* (New York: Harper, 1950). Henry A. Kissinger, London Chatham House address, May 10, 1982.

The characteristic distinction of all social processes, is the implication of the fact that human beings are creatures of free will. They will react to actual, or even purely imaginary developments, either much earlier than the occurrence of the relevant critical point for decision, react much later than is good for them, or act willfully, decisively, in favor of a choice, including the decision not to choose, which may be even the worst possible action they might take. The imprecisions of timing, which the forecaster's professionalism obliges him to impose upon the impatient consumer of such reports, are not the fault of the forecaster, but are characteristic variabilities in the behavior of those persons who are the subject of his report.

Only an incompetent observer would commit the folly of demanding a more exact result, and that in a narrower than rational choice of date and clock-time. Only a fool of a forecaster, would bend to the demand of that observer.

Nonetheless, there are bounds within which forecasts bind the subjects of their projections. For every action by the human will, or lack therefore, there is a countervailing response, either from within the society, or from nature itself. Human decisions are bounded, as to scope of choice and timing, within the approximate limits set by such countervailing reactions. Hence, on account of such limits upon free will, we are able, and obliged to forecast with confidence, but also with prudent regard for the limits within which forecasts might seem to coincide with what the economics illiterate demands as "exact predictions."

In point of fact, I am, compared to all of the known competition, so to speak, very, very good at this sort of forecasting, the best available, in fact. I may not have everything relevant in tow, or supply you with more precision in timing, but I am the best available so far. It is more important that you come to understand the way in which I forecast, than even the contents of those forecasts themselves. I will not be around forever; you should learn what you need to know from me, while I am still around.

The "map" to which I refer here, is a *map of sequential choices* of decisions available over the course of the medium-to long-term period ahead. The simplest design for such a map begins at a point in past developments leading into today, and then looks ahead to some roughly defined interval of time in the future, at which the time to make a qualitative decision about courses of action will have run out. At that point, at whatever more exact point in future time it might arrive, the relevant decision-makers will have one, usually more, sometimes several alternative choices of changed policy available, for his or her selection. Any among those choices will, in turn, lead toward a consequence, one located some approximate lapse of time ahead. And, so on and so forth.

Back during the 1950s, in the early days of Univac and competing computer designs, a similar kind of map was adopted, to assist administrators in coordinating large-scale, multi-agency, multi-firm "crash programs," those of the sort

we would tend to associate with the development and production of some new types of military “hardware,” or space-exploration applications. This was sometimes referred to as a “Critical Pathway” chart. One such computer-applications-oriented application, then called PERT, is an example of such an administrative tool.

In economic forecasting, as I shall indicate some of its crucial features during the following pages, we have something with marked similarities to the kind of mapping which a “Critical Pathway” diagram represents; but, there are also certain crucial, qualitative points of difference.

First of all, the lapsed times are not exact, and, even in the case of a near-term critical point, may vary by a range of months. My June 1987 forecast of a probable, mid-October 1987 U.S. stock-market crash, or my 1956 year-end forecast of the eruption of a probable, Spring 1957, deep recession, are about as precise as one can might ever expect to get. More typical was my 1959-1960, truly long-range forecast of a probable series of international monetary shocks, during the late 1960s (as actually happened), and with a likely crash of the Bretton Woods agreements to follow that, and a probable trend toward ruinous austerity measures akin to fascist economics, during the medium- to long-term following that. Remember, that I repeated every element of that forecast, many times, in writing, and in economics classes which I taught during the course of the 1960s; moreover, it turned out to be the only publicly known long-range forecast to appear prior to the critical August 1971 collapse of the Bretton Woods system. At all times, from 1959-60 through the present day, in point of fact, that forecast has never failed: it has always been right, as events have proven, up through the present day.

Some among the critical events which such forecasts specify in their mapping may, or may not occur. That, in and of itself, does not invalidate the competent forecast in which such foreseen options are included. Critical points in such a mapping, represent the approximate phase in a process, by which time a critical change of policy were either likely, or must be introduced, or, in the case of a wrongful action, might be interjected. In a competent forecast of that type, were the forecast decision not to be made, that omission would itself represent a choice of decision; that latter choice would have a consequence: if one does not recognize the fact that the bridge is out, in a timely fashion, driving across that bridge may prove extremely hazardous.

The non-occurrence of a critical decision forecast as likely, does not impair the quality of the forecast, if the option of a pathway leading from a different decision has been implicitly included in the forecast as a whole. The purpose of long-range forecasting, is not to predict decisions, but to map the array of available critical decisions and their corresponding consequences. The purpose is to construct a map, of this type, of the decision-making process. The decision-makers must, then, chart, and navigate their routes within that mapping.

The purpose of long-range forecasting, is to create such a mapping, by means of which relevant institutions may more competently chart their available critical pathways of choices. This echoes the competent forms of practice of general staff war-planning, such as the U.S. war plans Red and Orange, in which the Japan bombing of Pearl Harbor was long foreseen as a critical point of decision for both a future Japan and the corresponding U.S.A. Von Schlieffen’s famous *Cannae: The Theory of the Flank*, and the 1937 publication of his 1891-1905 studies, are excellent examples of the way in which the most skillful practice of military forecasting echoes the best practice of economic forecasting.

Therefore, what we are mapping, is not a series of inevitable events, but the advantages and penalties of making, or failing to make critical decisions by a certain approximate point in time. These points of decision represent “turning points,” at which decisions must be made which will introduce a marked change in the curvature of the pathway followed by the economy.

For example, the set of decisions made, approximately 1966, following both the 1962 missiles-crisis and the 1963 assassination of President Kennedy, resulted in an overall downward, and generally accelerating shift of the U.S. economy (in particular), from the overall anti-entropic trend of 1933-1965, into the overall entropic trend of the interval 1966-2001 to date.

In such forecasts, the timing of the actual occurrence of critical events, is usually only approximate; the optional branches which might be chosen at any critical point are usually several; and the cause-effect relations are measured not in a mechanical way, but in terms of the significant shifts in rates of increase or decrease of the relative entropy or anti-entropy of the process as a whole. The result is the mapping of chains, in a way for which there are notable examples in chemistry, for example. The difference between those kinds of chains and long-range forecasting chains, is not only the fact of human free will, but the way in which changes in relative entropy tend to affect the way choices are made by the human will.

Imagine what the result must appear to be. Think of a relief map constructed using some rubbery material, on which there are routes plotted, across plains, hills, valleys, precipices, and so on. These routes are marked by critical points, which are, in each case, the junction from which two or more choices of further travel lead out, and into which one, or several routes may lead. The hills and valleys of that map correspond to changes in relative entropy of chosen routes leading outward.

This measurement of time on this map is not clock time, but relative time. The notion of time used is, to begin with, *before and after*. Generally, this means that as a consequence follows a decision, and as a consequence generates the requirement or option of a next decision, the map has a general, sequential orientation. In place of simple clock-time, actual

lapsed times are determined, as relative times, by the principle of relative entropy or anti-entropy consequent upon critical decisions made.

Choosing that mapping-approach, as I outline it, step by step, a bit later in these pages, may appear uncomfortably complicated to the simple-minded fellows who wish quick and simple answers, but in the real world's wars, simple-minded fellows usually die trapped in their fox-holes, or, shot down in their hysterical flights forward, or, perhaps ending their days struggling in the quicksands into which they have unwittingly stumbled. It is better to construct a reliable, if somewhat complicated map, and to use that map in the way a great military commander will study both the map and his adversary, in choosing a likely flanking-attack on the problem at hand.

To see how a strategic forecasting map must look, consider the following summary form of outline of the map of the world's events leading into the present situation.

2000: A Point of Critical Decision

Take the case of the recent U.S. Presidential election, with such a method of mapping in one's minds eye. Consider some highlights of the kind of forecasting map I have outlined, as it applies, inclusively, to the period from the 1962 missile-crisis to a point beyond the present moment. Construct an appropriate mapping of the relevant critical options for decision-making.

During World War II, President Roosevelt had foreseen using the great power which the U.S.A. would have at the close of that war, for three purposes of the most momentous significance for life on this planet as a whole. First, to eliminate the control over the affairs of the planet by what Roosevelt derided as "British Eighteenth-Century methods," the Adam Smith dogma of "free trade." Second, to use the close of the war as the occasion for immediately shutting down all relics of Portuguese, Dutch, British, and French colonialism, to the effect of establishing a John Quincy Adams (Monroe Doctrine) style in community of principle among a global system of perfectly sovereign modern nation-states, thus replacing the relics of imperialism and colonialism. Third, to use the economic, monetary, and financial mechanisms which the U.S. had mobilized against the Depression and for the conduct of the war, as the launching-point for a global process of long-term economic reconstruction which would, among its included objectives, promote the development of the basic economic infrastructure, with marked U.S. assistance, which Africa would require to develop its own sovereign nation-state economies out of the ruinous conditions associated with colonialism and the London-dominated system of looting the world through the mechanisms of international financial and monetary loans.

Then, Roosevelt died, a most untimely event. President Truman's administration immediately chose three epochally disastrous courses of action, reversing most of the critical

features of President Franklin Roosevelt's intention. The first point in the long-range forecasting map, thus begins no later than the immediate consequence of Roosevelt's death. The long-range forecasting map of the world to date, and beyond, is based upon the understanding of a world in which the immediate consequences of Roosevelt's untimely death have determined the critical pathway of strategically crucial decisions from that time, to beyond the present moment.

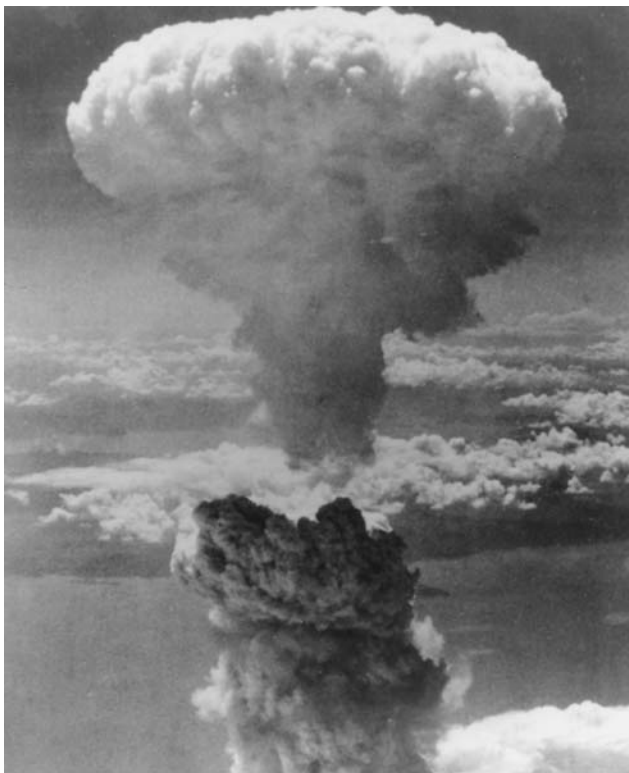
First, Truman adopted the policies of Roosevelt's war-time ally *and adversary*, British Prime Minister Winston Churchill: the liberated former colonies were returned to colonial occupation, by force of combined British, Dutch, and French arms, and with U.S. support for such brutal, often Nazi-like military repression. *Second*, Truman made the decision to follow the nuclear doctrine of Britain's Bertrand Russell, by dropping the only two nuclear weapons the U.S. possessed upon the civilian populations of Hiroshima and Nagasaki, that neither to save American lives, nor for any other morally acceptable military purpose. Third, Truman led, in concert with the Federal Reserve System, in collapsing the level of economic output of the U.S. economy, thus creating the inflationary crisis of the late 1940s, and returning the U.S. to submission to what Roosevelt had denounced as "British Eighteenth-Century methods," that in an immediately rather large, and subsequently increasing degree.

In addition, that then-impooverished, grey-faced succubus squatting on the U.S.A.'s neck, the British monarchy, stirred up a U.S.-Soviet conflict, provoking Stalin into ruthless measures in eastern Europe and elsewhere, which had not been intended until Churchill's "Iron Curtain" provocation had set what became the 1946-1991 U.S.-Soviet conflict into motion.

The key to what became known as "The Cold War," was *the nuclear-weapons policy of the cronies H.G. Wells and Bertrand Russell: world government imposed upon the terrified nations of the world through the unendurable psychological pressures of protracted threat of nuclear war*. Thus, the nuclear bombs were dropped on Hiroshima and Nagasaki, and the war-ravaged, and enraged, Soviet Union, was provoked into becoming the credible nuclear adversary which the implementation of the Wells-Russell nuclear-weapons dogma required for its implementation.

That set into motion the post-World War II map of the critical decisions of the world. Even in the aftermath of the 1989-1992, willful dissolution of the former Soviet power and its economy, still, today, the world set into motion by critical aid of President Truman's 1945-46 decisions, is the long-range forecasting map referenced by all competent historians and strategic thinkers, competent economists included.

The next crucial change in the strategic map occurred after the death of Josef Stalin, when N.S. Khrushchev made his public accommodation to the "ideas of Bertrand Rus-



After President Franklin Roosevelt's untimely death, Sir Winston Churchill (above) succeeded in getting President Truman to reverse Roosevelt's policies, adopting the "one world" policies of Britain's H.G. Wells (left). First among these, was the militarily unnecessary atomic bombing of Hiroshima and Nagasaki.

sell.”³¹ This Khrushchev decision, which led to the formation of the so-called Pugwash Conference series, led to Khrushchev’s personal confrontation with President John F. Kennedy at Vienna, and the 1962 missiles-crisis through which Russell et al. mediated the founding of the process later referred to as “détente.” The assassination of President Kennedy a year later, effectively locked the world into a curious sort of partnership between strategic nuclear adversaries, under which the world as a whole came under the co-management of the principal détente parties, the Anglo-American nuclear power, on the one side, and the Soviet nuclear power on the other. With the Kissinger-keyed détente and arms control agreements of 1972, the system was fully locked in, to all apparent intents and purposes. Therefore, the Soviet system collapsed during 1989-1991, as I had, in 1983, forecast this likely event to begin “about 1988,” and had later forecast the imminent break-up and reunification of Germany, in my Berlin press conference of Oct. 12, 1988.

It is not necessary to repeat here those developments of the 1960s and 1970s which I have identified earlier in this

31. Through four Soviet emissaries whom Khrushchev dispatched to a 1955 London meeting of Bertrand Russell’s World Parliamentarians for World Government. These emissaries publicly repudiated the Soviet government’s and press’s earlier, and fully justified denunciation of Russell as the worst monster of the Twentieth Century to date, and announced Khrushchev’s affection for, and sympathy for the ideas of Russell. The 1962 missiles-crisis was among the most notable outcomes of this curious Russell-Khrushchev amiability.

report. However, it is crucial that I emphasize the catastrophic impact of President Nixon’s August 1971 actions breaking up the existing form of the Bretton Woods system. Like the British sterling crisis of 1997, the ensuing U.S. dollar crisis of February-March 1968, and the Penn-Central and Chrysler crisis of mid-1970, the Nixon decisions of August 1971 and beyond, were nothing but confirmations of my long-range forecast issued repeatedly during the 1960s. Just as it was the U.S. Carter Administration which did more than anyone else to permanently wreck the U.S. economy itself, it was the Nixon Administration’s monetary decisions and austerity measures of 1971-1972, which set into motion a process of wrecking the world economy from which the world has shown no signs of likely recovery to the present date.

Similarly, it was President Reagan’s refusal to dump Federal Reserve Chairman Paul Volcker and his policies, combined with the 1982 Garn-St Germain and Kemp-Roth legislation, which ensured the continued wrecking of the U.S. and world economy along the lines set into motion by Brzezinski, Carter, Volcker, et al.

The last major chance to rescue the U.S. and the world from the mess created, came in the form of my proposals, concerning German reunification, beginning with my Berlin press conference of Oct. 12, 1988. Unfortunately, the combination of Prime Minister Margaret Thatcher, and her flunkies, France’s President François Mitterrand and President George Bush, prevailed, and the great opportunity for economic recovery has been lost, until the present moment.

Such illustrates the highlights of the practical form assumed by competent forms of long-range economic forecasting. As one final point, look at the 2000 U.S. Presidential campaign, in which the pre-locking in of the Democratic candidacy of Al Gore, beginning Autumn 1999, virtually guaranteed that Texas Governor George W. Bush would be anointed the next U.S. President.

Had the Democratic Party used its head for some better purpose than providing a hat-rack, the Party's mandarins would have arranged to conduct the 2000 Presidential primary campaigns with the intent of conducting an open nominating convention in Summer 2000. Had that choice been made, the character of the primary campaigns themselves would have ensured a mobilization among voters which would select a candidate who was virtually certain to win the November 2000 Presidential election by approximately 55-60% of the popular vote cast.

By the nomination of Gore, a situation was crafted in which there was no substantive debate over the crucial issues facing the nation during the weeks and months immediately ahead. The role of the candidates in what foolish people regarded as TV debates between the two nominees, created a situation in which the management of massively funded mechanics of the campaigning, rather than meaningful ideas and issues, would determine the outcome. Since both candidates were equally worthless as candidates in their own right, power, not the electorate, was certain to determine the ultimate outcome. In the end, raw power, not the Constitution and its provisions, did make that decision. It was a foregone conclusion, that, under those conditions, Bush would be the hand-picked choice of the so-called "establishment." Actual votes had virtually nothing to do with it.

As a result of that critical set of decisions of 1999-2000, bearing upon the outcome of the November 7, 2000 election, we have been brought, by such kinds of critical choices, to a well-defined critical situation bearing upon the likelihood of even the very continued existence of the U.S. in its existing Constitutional form.

We have an administration in office, which has been pre-selected to fail, and that disastrously. This is not a prediction; it is a fact. If that new administration, given its composition and the composition of its popular base, follows its predetermined profile of response to crises, the U.S. would be doomed to early experiencing of a catastrophe beyond the capacity of the imagination of most persons, even at very high levels of information and influence.

The point is not to predict that catastrophe, but, rather, to forecast it, with the hope, that by aid of that forecast, the catastrophe might be averted.

The Theory of the Map

The slice of history sampled immediately above, must be recognized as being selected on account of a functional character of that choice of time-span. I mean "functional" in

the sense, that the term "function" is employed in experimental physical science. This entire period, from the death of Franklin Roosevelt, to the present, has one dominant functional characteristic, which subsumes two contrasted characteristics, those of the 1945-1965 and 1996-2001 intervals. The significant events which occur during that span of history do not occur as if by a wanderer following his "free choice" impulses on the surface of an historical blank slate. Whether the actor is sensible of that reality, or not, his behavior is situated with, and to that degree controlled by a set of characteristic features of the entire period within which his actions are located.

Thus, in same sense that Kepler speaks of each planet as following a trajectory corresponding to an intention built into an orbit of non-uniform curvature, and superior to any orbit determined by the connect-the-dots methods of a Copernicus or Brahe, so distinguishable periods of history have a similar quality of characteristic intention ostensibly built-into each of them. On this account, the first responsibility of a long-range forecaster, is to adduce such characteristics of the specific quality of that interval of history within which the subject-matter of his forecasting is to be situated.

On that account, the entire sweep of U.S. policy-shaping, from the death of Franklin Roosevelt, to the present, has an historically specific underlying characteristic. Within that period as a whole, from the start, the pro-Roosevelt, anti-Roosevelt conflict within U.S. policy-shaping, and within a world subject to Anglo-American dominant influence, has been the characteristic feature common to both the 1945-65 and 1966-2001 intervals.

Similarly, as I have indicated here earlier, as in earlier published locations, the assassination of President William McKinley proved itself a turning point in the entire sweep of the history of mankind to date. Thus, the Twentieth Century is to be appreciated, especially where the emphasis is upon the role of Anglo-American affairs, as divided among four general periods, each with distinct underlying characteristics. The first such period, spans the 1901-1933 interval, from the assassination of McKinley and the then-in-progress accession of Britain's King Edward VII, to the inauguration of Franklin Roosevelt. The second period, is the Franklin Roosevelt period of recovery from the Depression and World War II. The third, is the post-Roosevelt period, 1945-65; the fourth is that of the counterrevolution against the U.S. Declaration of Independence and Federal Constitution, of the period 1966-2001.

It is the historically specific functional distinctions of such periods, as viewed, functionally, in the way in which they succeeded one another, which locate, in that process of changes, the historically specific quality of the Anglo-American domination of the planet as a whole over the span 1901-2001.

Persons and institutions living and acting within the bounds of such notions of functional historical specificity, will, in the main, act in ways for whose causes they themselves

are largely unwitting puppets. They act according to the differentiated form of what is called “custom,” as they situate themselves within a variety of such a generalized custom. That custom reflects an accommodation of the society and its inhabitants, to the reflections of the underlying historical characteristics of not only the particular period in which they are acting, but also of the changes in historical characteristics which have had a cumulative impact upon the way in which the individual reacts to the pressures of current prevailing custom upon himself or herself.

That insight, so summarized, is key to the means by which qualified persons are able to develop long-range forecasts of a useful degree of reliability.

What I have written, in this present section of the report, until now, is perhaps sufficient to supply the intelligent layman and others with a sense of what this business of long-range forecasting is all about. What I have described so far, respecting the key points of difference between predicting and forecasting, is of a quality which should be within the reach of any moderately intelligent and well-informed person with relevant experience in working to influence the general national and foreign policy of our government. However, that is not enough; I must do something more.

I bear an additional responsibility here. I must render the deeper implications of the method I employ accessible to responsible professionals, and to the relevant agencies, including those of government, which must be induced, for the sake of our nation’s present survival, to adopt the authority of the method of forecasting which I present. On this account, I must include, at this point, a summary identification of the relevant technicalities.

Therefore, for that purpose, I shall now set the reader up, for a crucially significant experience of an exercise in the application of *Analysis Situs* appropriate for defining a fundamental principle of economics, the principle governing any competent attempt at forecasting.

First, to define the terms within which the discussion of this topic shall proceed, it is essential that the reader acknowledge, that the shocking truth explicitly introduced to geometry by Riemann, is his elimination of all arbitrary definitions, axioms, and postulates, such as those of so-called Euclidean geometry, and “action at a distance,” from mathematical physics, and his replacement of such *a priori* assumptions by experimentally validated universal physical principles. Thus, every such, proven, or hypothetical principle, takes the place of such notions as those of space and time in a Euclidean system. Here, in this definition, lies the distinction between a Riemannian geometry, for example, and, for example, that of Lobatchevsky.

That Riemannian conception, is the indispensable first step, toward competence in the technicalities of any degree of professionals’ competence in long-range economic forecasting.

Second, I, like Vernadsky, have added two sets of univer-

sal physical principles to the geometrical definition of the physical universe as specified by Riemann. We have, thus, three such sets of principles within the physical geometry (i.e., hypergeometry) of a Riemannian universe so defined: non-living processes, life, and cognition, all with respect to what Vernadsky has defined as a noosphere. The two crucial points of difference between Vernadsky’s and my own definition of such a three-fold universal physical geometry, are that my definition is actually Riemannian, and that I use the evidence of physical economy to locate and define the principle of cognition.

My special contribution on that account, is the secret of my unique relative degree of success as a long-range forecaster to date. This contribution of mine, too, you must prepare to master, otherwise you will never be competent in long-range forecasting, and should not be attempting to make the economic policy of our government without the assistance of a qualified guide.

Thus, each time we validate an hypothetical universal physical principle by appropriate forms of experimental demonstration, we have added a new dimension to the entirety of the geometry of the system, and have thus generated a new global geometry, of more dimensions than the previous one, whose truthfulness lies in its experimental or equivalent validation. At this moment, the stress is on physical principles related to non-living processes. Some added qualifications are required to take into account living and cognitive processes.

From that starting-point of reference, the following considerations follow. I now break that down into successive steps of approximation, so that you, the reader, might build up a model of what I am describing in your own mind. You may have to study these successive steps several times, before the point becomes clear to you; but, if you are serious about the future of our nation, you will consider your effort a necessary one.

It should not be contestable among qualified mathematicians and physicists, and should be clear to you without great difficulty, that *all ideal systems which are fully consistent with any fixed set of definitions, axioms, and postulates*, would contain no possible action which would alter that system *as a system*. Whether you are a university graduate or not, the general idea of what I have just said, should become clear to you more or less readily.

For that case, we would distinguish two such geometries from one another as qualitatively different systems. We prove that a new geometry exists, by an experimental demonstration of a difference between the respective measurable characteristic of elementary action within each of them: a simple Riemannian characteristic, as defined in the concluding portion of Riemann’s habilitation dissertation.

Once Again: Plato’s Cave

If you are experiencing some difficulty in grasping the immediately preceding point, let me point out the most proba-

ble cause for the difficulty you are experiencing. Once you understand the nature of the mental block which may be causing you to frustrate yourself on this point, the block will vanish, and the point will begin to become clear.

The probable source of the mental block you might be experiencing, is made clear by thinking through the implications of the allegory of Plato's Cave.

My standard argument on this goes as follows. The difference between the so-called ecological potential of the human species, and that of all other living species, is that it is only the individual member of our species who has made a discovery of universal physical principle, through which the relative ecological potential of the human species, as a whole, has been increased *absolutely*.

The primary form of action through which this effect is accomplished, is the discovery, by an individual's, non-deductive form of "synthetic" cognitive processes, of an experimentally validatable universal physical principle. The replication of that discovery, within the sovereign individual cognitive processes of other persons, and cooperation in society, in applying that principle for the purpose of changing the quality of human practice upon nature, is the only way in which a species might willfully increase its species' relative ecological potential as a whole.

This brings us to the following question. "Have you ever seen a universal physical principle walking?" Obviously not. Obviously, therefore, the most powerful agency man knows, physical principle, is not an object of the senses.

Or, in other words, the fellow who insists, "I believe only what my senses tell me," is calling himself a mere animal, not a true human being. That is, even if he is born to be a human being, his fanatical obsession with his sense-perceptions and related sorts of pleasures, self-describes a man who prefers to be a lower type of animal. Unfortunately, all too often, he succeeds in that attempt.

Truth is to be found, not in one's senses, but in one's power to command the universe to obey the universal physical principles which the human cognitive processes acquire, and deploy. This brings us to the Socratic method of Plato, and, for the moment, to Plato's Cave. Do universal physical principles exist? Yes. Are they efficient? Yes. Can they be known directly through the senses? Never. They are to the senses, as the shadows cast by the firelight upon the irregular wall of a dimly-lit cave. They exist, but can not be seen; they are objects of the mind, not of the senses. Such is the meaning of *Platonic ideas*.

Think about the subject of microphysics, the domain inhabited by unseen creatures such as atoms, nuclei, and the tiny processes most immediately associated with them. Can you observe any of such matters with your senses? Is a thermonuclear explosion less real because you can not see a nucleus in action?

Focus attention now solely upon the subject of those specific qualities of ideas to be recognized as validated universal



Johannes Kepler, the founder of modern astrophysics, laid the groundwork for the later discoveries by Riemann, and, in the science of physical economy, by LaRouche.

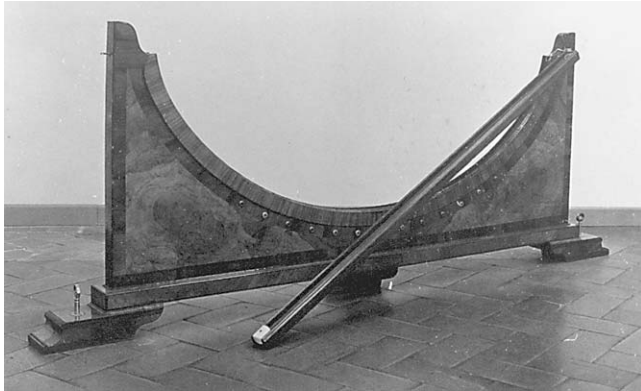
physical principles. Look at this notion of ideas as Kepler used it to found modern astrophysics, and then move on, quickly, to the basis I have adopted for representing my discoveries in the science of physical economy, using the notion of a manifold as defined by Riemann.

Consider, once again, but briefly, the way in which Kepler made the original discovery of a principle of universal gravitation. I reference here, chiefly, the original discovery of that principle, by Kepler, as detailed in his *The New Astronomy*, a work later plagiarized, with incomplete success, by Isaac Newton, et al.

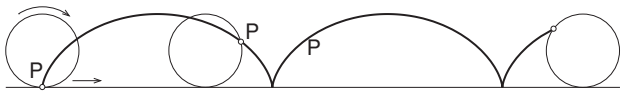
Kepler's measurements, showing him that the orbit of Mars is approximately elliptical, prompted him to recognize a point entirely overlooked by the bungling admirers of Claudius Ptolemy, Copernicus, and Tycho Brahe's efforts to define orbits by the statistical method of connect-the-dots. Kepler posed the question: How does a planet know that it must change its curvature as it follows its assigned, recurring trajectory? Clearly, that orbital pathway is neither self-evident, nor statistical, nor to be explained in any way consistent with the *a prioristic* assumptions associated with common classroom versions of Euclidean geometry. The later attempt

FIGURE 2

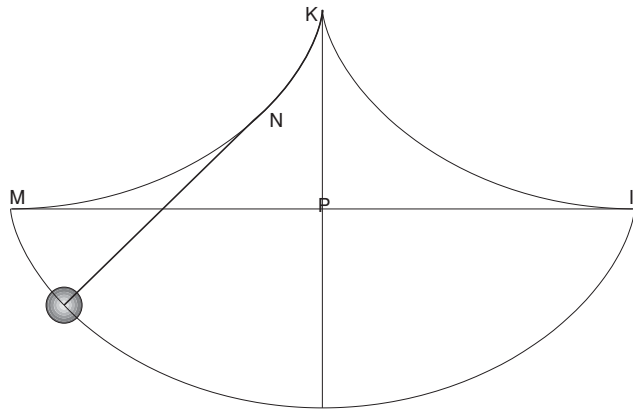
Properties of the Cycloid



(a) A brachistochrone model built by Francesco Spighi in the 17th Century. A ball that rolls down the cycloidal track reaches the bottom faster than one rolling down the straight track.



(b) The cycloid is the curve traced out by a point on a circle, as the circle rolls along a line.

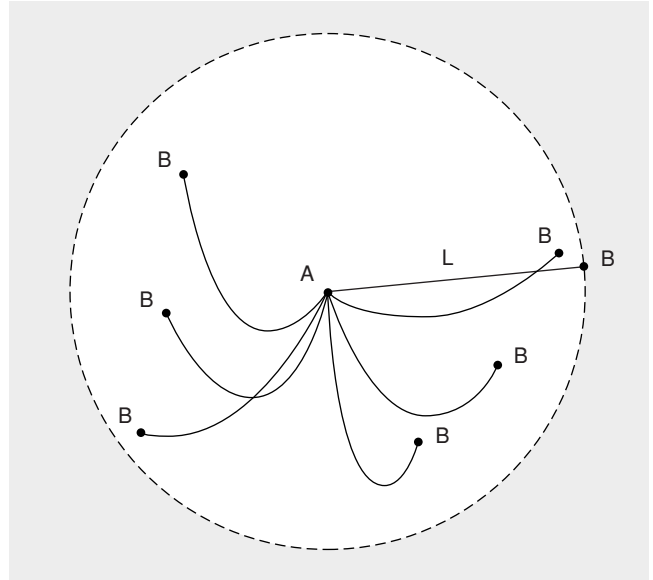


(c) The 17th-Century scientist Christian Huyghens used the cycloid to make a pendulum clock, because no matter how wide the swing, the time of the swing remains constant.

of the followers of the empiricist Galileo, to explain the principle of universal gravitation discovered by Kepler, in terms of “action at a distance,” produced nothing but the folly of the “three-body paradox.” Kepler’s notion of the (Platonic) *idea* of universal gravitation, stands, just as does Leibniz’s related, original discovery of a calculus, as rooted in a Keplerian-like differential whose curvature is not straight-line, but of a specific quality of non-uniform curvature cohering with the

FIGURE 3

Generation of the Catenary



The catenary is formed by suspending a chain between two fixed points. Varying the endpoint position of the chain generates a family of catenaries.

corresponding integral “pathway.”

Thus, it was consistent with accomplishments typified by such work of Kepler and Leibniz, that Riemann went the next further step, of outlawing from physical science all so-called “self-evident” definitions, axioms, and postulates, and limiting the notions of functionally efficient dimensionality in physics to experimentally validated universal physical principles: (Platonic) *ideas*.

From that standpoint, which is explicitly the position of Bernhard Riemann’s principal discoveries, the only significant form of action among two or more such idealized physical geometries, would be the action of changing one or more among the adducibly underlying, actual or presumed definitions, axioms, and postulates of the system as a whole. Such changes are reflected in the form of statements expressing hypothetical solutions to paradoxes defined in the terms of *Analysis Situs*. Such changes in the experimental characteristic, when we proceed from one manifold to another, is the form of action which is of primary concern to us.

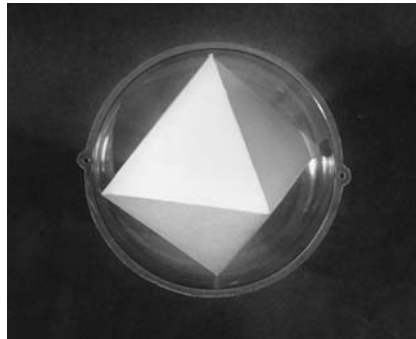
There is nothing accidental in Riemann’s discovery. The entire history of the development of scientific thought in European civilization, since ancient Greece, converges upon that conclusion. A few points of illustration will be sufficient for our uses here.

FIGURE 4

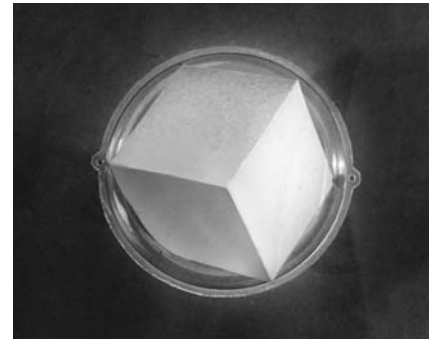
The Platonic Solids



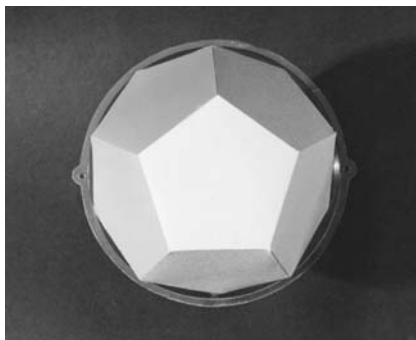
Tetrahedron



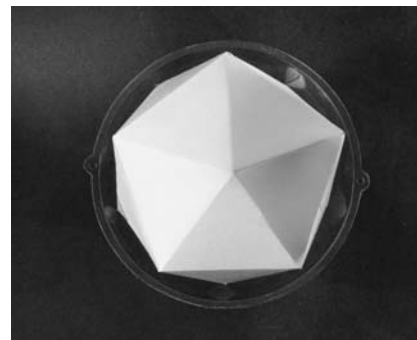
Octahedron



Cube



Dodecahedron



Icosahedron

In the history of modern physical science, we have, beginning with Nicholas of Cusa's *De Docta Ignorantia*, a series of successively higher orders of curvature, beginning with Cusa's proof that the curvature of the circle is transcendental, as Cusa distinguished the significance of π , from the attempted quadrature of the circle and parabola by Archimedes. In purely abstract geometry, we have, then, the cycloid; but, in physical geometry, as opposed to merely formal geometry, the function of the cycloid is superseded, typically, by the catenary and caustic, and, then, of still higher orders of non-uniform curvature (**Figures 2 and 3**).

The generalization of such higher orders of curvature of physical space-time manifolds, beginning implicitly with the work of Plato (**Figure 4**), Brunelleschi (**Figure 5**), and Leonardo da Vinci (**Figure 6**), began to be generalized by Kepler's original discovery of a principle of universal gravitation, in his *The New Astronomy*. The next step toward solving Kepler's challenge to future mathematicians on that account, was accomplished by Fermat's discovery of a principle of *shortest time* governing the refraction of light. Leibniz's development of both the original calculus, and his principle of non-uniform curvature of the differential in the infinitesimally small, prepared the way for the later work in developing modern physical hypergeometry, by Gauss

and Riemann.

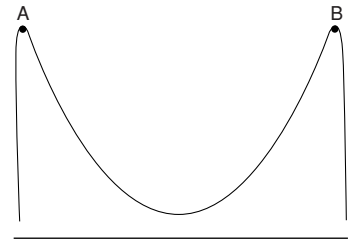
Do not think that hypergeometry is unreal, merely because you can not visualize it with your sense-organs. Real is not sense-experience; real is what is efficient. Reality is expressed not by what you think your senses tell you; reality is the discovery of those principles by means of which you can willfully control the changes you make in the physical world around you. The hypergeometry of Gauss and Riemann is about as real as the real world gets for anyone, you included.

Once we had the successive work of Leibniz, Gauss, and Riemann, respecting the principles of a physical hypergeometry, we were obliged to shift our emphasis, beyond single systems of fixed empirical characteristics, to the characteristic features of changes from one such experimentally validated geometry to a successor. It is here, that the principles of long-range economic forecasting emerge for practice. Expressing this, in first approximation, in general terms, the result of that shift, is described as follows.

Therefore, on that specific account, I have limited the definition of *significant action within physical economies*, to changes in the underlying axiomatic characteristics of the fixed type of individual system. Up to that point, I claim nothing which is not already implicit in Riemann's discovery.



FIGURE 5
The Catenary



In Brunelleschi's dome for the famous Cathedral of Florence, the surfaces between the ribs of the dome are families of catenaries.

In short: the important thing to be measured, is the characteristic form of action within the system as a whole; that is, in first approximation, the measurable characteristic of action *within* the assumed bounds of such a single, fixed system, or manifold.

It is experimentally measurable changes in that characteristic, which supplies my Riemannian definition of *significant action* in economic processes. Here, I distinguish between the single characteristic of a simple system, and the characteristic action (change in characteristic "curvature") expressed by the transition from one manifold to a successor. Again, the principle of *Analysis Situs*, as I expressed this in my counterposing the characteristics of the 1966-2001 economy to those of the 1933-1965 interval.

That means, conversely, that such significant action within the economic process, reflects the existence of some axiomatic change in the underlying characteristic of the economic process as a system. Again, this represents nothing but the simple application of Riemann's explicitly stated principle of experimental physics, to that type of general case so specified.

Now, those rudiments listed, from this point on, we are occupied, principally, by the implications of changes from one physical-economic manifold to another. We are concerned to define, and resolve the differences between validated manifolds, on the one side, and, on the other, those assumed manifolds which govern the behavior, *systemically*, of a significant number of people, but are false to reality.

The types of action which match that effect, are of two general classes: first, *the discovery, experimental validation, and application of those universal physical principles, which mankind may apply to the universe in which it exists*; and, second, *those universal physical principles which correspond to cognitive relations among persons*.

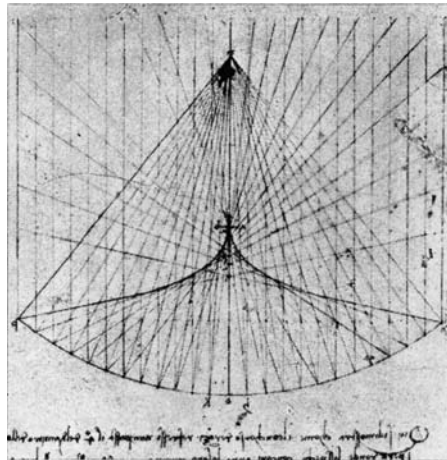
By forecasting, we should signify the effect of realizing some combination of those two kinds of discoveries of principle, to the effect of *significant action* upon the process as a whole.

Thus, in such latter types of cases, we are not dealing with single manifolds of a fixed type; we are dealing with ordered series of manifolds, each of its own distinct Riemannian type of characteristic. However, the very notion of such an ordering among manifolds destroys the notion of simply fixed series of manifolds; in other words, the very conception of a *form of action* which transcends a succession of ostensibly fixed manifolds, is, in itself, a proposition in *Analysis Situs* (geometry of position). As Plato's *Parmenides*, among other relevant locations in his writings, warns us: such ontological paradoxes oblige us to shift from assuming the primacy of fixed objects, akin to simple sense-perceptions, and treating *change per se* as elementary, instead. That notion of change is congruent with the notion of *significant change* which I have defined above. It is not simple sense-perception, but the ability, or inability to make efficient changes willfully, which constitutes reality for mature and sane persons.

This notion of *significant change*, or *change per se*, then

FIGURE 6

The Caustic



Light shining through a wine glass produces the caustic curve, an envelope of rays emanating from a point, which are refracted or reflected by a curved surface. The drawing is Leonardo da Vinci's presentation of a caustic.

becomes the underlying principle of forecasting, as distinct from predicting.

The Idea of Forecasting

In forecasting, we are confronted with two general types of change.

The first type is that we have emphasized repeatedly since the outset of this present report. There, we contrasted a 1933-1965 long swing of generally net-upward development, to a 1966-2001 long swing of overall decadence; in this case, we pointed out a simple contrast between anti-entropy versus entropy. The implication of the comparison, is that the U.S. is reaching the limit of its continued existence in its present form, unless something akin to a return to the 1933-1965 "model" replaces the present policy-matrix. This kind of crisis typifies the type of event on which competent forms of long-range forecasting are premised.

In this aspect of that comparison of 1966-2001 to 1933-1965, the emphasis is upon simple, point to point forecasting. Apart from discovering that one "model" is much to be preferred, and that urgently, to the other, very little that is axiomatically original is proposed.

In the second type, we are dealing with a much more complicated terrain, on which many routes from one point to another exist, and in which some places on the map actually exist, and others do not. In such a case, we are mapping a terrain defined by many pathways of change, as if from one point to another, each point corresponding to a system of an

approximately fixed type of cultural paradigm. Each point corresponds to a set of both valid and false axiomatic assumptions. Pathways lead into such points, and each point has pathways which usually lead to several other points. The sense of up-down corresponds to the relative anti-entropy/entropy of the passage from one point-system to another.

In long-range forecasting, we are occupied, chiefly, with the following considerations.

Think of studying a map, in preparing to make a journey.³²

Given a pathway from a point of reference, what is the rate of change in relative entropy along that pathway, with respect to the passage of time? Toward what alternative points, along what pathways can the system choose to move? In what directions is it likely, given relevant considerations bearing upon choice, is it likely to choose to move?

That said, now concretize the problem in several, successive degrees of approximation.

As a first step to this goal, construct the notion of what is called a "full set" economy in your own mind. . . .

Consider first, only the universal physical principles associated with non-living systems, as in the production of manufactured articles. Consider the effect of increasing, or decreasing the number of universal physical principles expressed by the full set of the production by that society.

In what is ordinarily considered the domain of physical science, we are confronted by the traditional modern notion of universal physical principles and the measurable physical constants we associate with them. Each of these principles corresponds to an experimentally validated discovery. In the experimental validation of such discoveries, the practical reflection of the principle, is to be found in certain distinguishing features of the design of the relevant, successful experiment. These features of successful experimental designs, we know as *technologies*. As we combine these principles in new ways, and as we vary the choices of media in which to express their relationship experimentally, we add the discovery of

32. Never trust a driver who relies chiefly on asking for directions (from the passing stranger who may, one often has reason to suspect, be either a professional joker just waiting for sucker like you to ask him directions, or a lunatic who has just wandered away from a local asylum). Learn to construct and use maps; to understand maps, and how they are constructed and should be used, it were helpful if you had done a bit of backyard or other astronomy during childhood and adolescence, and had been thus obliged to consider the problem of normalizing stellar observations.

usable added technologies even to a fixed total array of validated principles.

In mankind's, society's physical relationship to the universe at large, the potential increase of man's potential relative potential population-density is delimited (bounded) by the accumulation of universal physical principles known and expressed by that culture.

We must add to the role of the universal physical principles of non-living and living processes, the implications of Classical principles of artistic composition and performance, as I emphasized the inclusion of a science of history, statecraft, and law within the Classical principle as a whole. This means, essentially, that the prevailing practice of the idea of human nature, and of the nature of man's willful relationship to the universe, as ideas which correspond to the universal physical principles of Classical artistic composition, exert a determining influence on both the way persons react to their society, but also their conception of man's relationship to the living and non-living universe as a whole.

It is, thus, the contrast between truth, as these definitions of the universal physical principles of non-living, living, and cognitive processes, and false beliefs and the latter's associated customs, which are the basis in ideas for the notions and practice of effective long-range forecasting.

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3. Economics and Social Science

The most striking fact about our knowledge of both history and pre-history combined, is that all known forms of society which were extant, prior to Europe's Fifteenth-Century creation of the initial form of the modern sovereign nation-state republic, were failures, although we are greatly indebted to the contributions we have inherited from within those cultures whose societies ultimately failed. Like all true paradoxes, that is one from which we have much to discover.

We discover, for example, that that development of the recent thirty-five years most likely to bring about the self-induced doom of globally extended modern European civilization, is not so much the economic-policy follies on which I have concentrated attention thus far, but, rather, more the anti-Classical educational reforms of the type instituted at the prompting of Dr. Alexander King's 1963 educational policy of the Paris office of the OECD.

In short, contrary to those noxious fools called "cultural relativists," some cultures, such as that of Moloch-worship, or the Confederacy, are intrinsically bad cultures, which it were better had never existed. Since doom of a cultural lacking the moral fitness to survive, is a proper topic of long-range forecasting, it is obligatory, and also useful, that we examine the implications of that proposition here and now.

The known cause for the cyclical and related forms of collapse of entire cultures of prehistory and historical times, is typified by what was known to the ancient Greeks as the so-called oligarchical model on which the intrinsically evil cultures of Mesopotamia, Tyre, and the Delphi cult of the Pythian Apollo, were premised. The fatal flaw permeating the cyclical patterns or self-extinction of earlier cultures, is the consequence of degrading the people of other cultures, or large segments of one's own society, to the status of human cattle, bred, used, and culled, at the pleasure of the relevant classes of self-esteemed cattle-owners and their armed and other lackeys.

That habit of treating large portions of humanity as virtually human cattle, as the Confederacy's slaveholder class did, and as contemporary doctrines of shareholder interest do, degrades both the master and his chattel to induced moral self-degradation, the master often more than the slave. It is that kind of degradation which engenders the rise of the force of political evil within society, the force by which even leading nations may be self-destroyed. So, the legacy of France's Louis XIV and the Physiocrats plunged, into Phrygian Jacobinism and Bonapartism, the France which had otherwise been on the road to continuing greatness under the heritages of Louis XI, Cardinal Mazarin, and Jean-Baptiste Colbert.

The key to understanding the process by which the oligarchical model and its like, lead into the kind of cyclical doom

did, on Plato's notion of *ideas*.

Without some efficient social expression of human relations of the individual to society in general, and to past and future generations, the moral and intellectual development of the individual, must necessarily be a crippled one. Without the ability to recognize one's individual identity as located primarily within the domain of *ideas*, man becomes, to himself, a mere parody of a beast.

This means, in practice, that a morally healthy form of society, must not only recognize all other persons, of every part of the world, as human in this specific, cognitive way; but, that the relations among persons within society, and within the family household itself, must be predominantly, systemically, cognitive in their functional aspects. On this account, the way in which a society organizes itself around the thus appropriate forms of education, and practice of physical science and Classical forms of artistic composition and performance, will determine the degree to which that society achieves a quality of moral fitness to survive.

The kernel of that required policy of practice, is to be located in the experience of one child sharing the rediscovery and empirical validation of some universal physical principle as an experience induced in a peer. Such an experience induced among children, as in schools, as distinct from and opposed to what is usually considered learning today, is a leading characteristic of a healthy form of society. Contrary educational policies, such as those become prevalent in the U.S.A. and Western Europe since the 1963 OECD report, degrade not only the student population, but the entirety of the society which degrades its own young in such a way.

The problems so implied are illustrated aptly for the U.S.A. today, by a glance at the legacy of a *Confederacy of evil*, that defeated, for a time, by the leadership of President Abraham Lincoln.

That treasonous Confederacy, whose flag has been raised again, during the recent thirty-five years, among the leadership of the Federal Court and that of the two leading political parties of the U.S.A., based its constitutional (e.g., systemic) character on three points of commitment to evil. The first of these, was the rejection of Leibniz's definition, "life, liberty, and the pursuit of happiness," as embedded in the Declaration of Independence, for the evil expressed by John Locke's "life, liberty, and property." The second, was the insistence that persons born as property, remained property, included enslavement by virtue of heredity. The third, was the toleration of even a death-penalty sentence for complicity in bestowing literacy upon a slave.

Persons who carry forward, and also advocate that legacy of evil today, are not Christians; they not merely deny, but relish the destruction of the rights inhering in the cognitive notion of the individual human personality. They were better recognized as satan-worshippers in fact, like both Dr. François Quesnay and the ancient *Bogomils*, rather than anything else.

Thus, in summary of this point. The essence of economy is mankind's relationship, as master, to the universe as a whole. This requires a suitable development of the individual human potential. Education typifies the battlefield on which the struggle for development of that human potential is to be fought. This requires, in fact, that the policies of education, be cognitive in fact, rather than mere learning, and that the subjects of education of the child and adolescent must be predominantly within the domains of science and Classical humanist forms of artistic composition, more or less exclusively. The goal of such primary and secondary education, must be the moral development of the student, to the purpose and degree that the graduate of such educational programs is able to situate his or her identity, and existential self-interest, within the cognitive framework of the simultaneity of eternity.

The essence of policy-making, is the standpoint from which policies are defined and chosen. The standpoint is to be located as an expression of the way in which the nation's population and institutions define human nature, and, therefore, national interest. With a wrong conception of human nature, as the treasonous and doomed Confederacy typifies a culture lacking the moral fitness to survive, wrong policies will prevail, as has been the trend in the U.S.A., increasingly, during the recent thirty-five years.

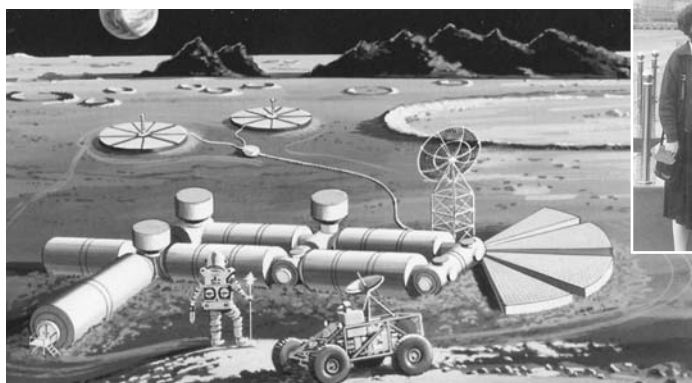
On that account, without a social policy pivoted on such a notion of the mission assigned to the education of our young, the best choice of technical practice in economy, will fail.

4. How To Construct a Map

Competent long-range economic forecasting is never "objective." Like a well-crafted war-plan, forecasting is a map of the range of plans by which a people musters itself to accomplish a great mission.

Therefore, in conclusion of this report, I point to three great missions which I, in concert with some among my associates, and others, have developed during the course of the recent quarter-century. A competent long-range economic forecast, is an assessment of the options which such mission-orientations require.

The first of these three missions, was a proposal which I developed following the death of a friend and sometime collaborator, space scientist Krafft Ehricke, outlining a forty-year mission-goal of planting a Los-Alamos-Laboratory-style scientific mission as a colony upon Mars. The second case, which grew out of my proposal and exploratory negotiations on behalf of what President Ronald Reagan presented as SDI, on March 23, 1983. This was continued by me in the form of a mission proposal which I presented in the referenced Berlin press conference which I convened on October 12, 1988. This proposal was elaborated by me, in concert with associates, as the proposed European Productive Triangle of



Three great missions developed by LaRouche during the recent quarter-century: a project to found a colony on Mars (below left: an artist's rendition of a Moon base, which would be essential for such an undertaking); the European Productive Triangle, the outgrowth of a policy announced by LaRouche in Berlin on Oct. 12, 1988; and the Eurasian Land-Bridge (pictured at left, Helga Zepp-LaRouche, on the right, at the Lianyungang Port in China, the Eastern Terminal of the Eurasian Land-Bridge, in October 1998. With her are Schiller Institute associates Mary Burdman and Jonathan Tennenbaum).

1989-1990. The third case, is that of the extension, beginning 1992, of the European Productive Triangle in the form of the proposal for a Eurasian Land-Bridge Development, featuring continental European, and, hopefully, also U.S. cooperation with a group of nations centered around Russia, China, and India.

All three of these are to be seen as derived from a common principle of long-range economic mission-orientation.

All three missions, so identified, express two underlying goals. One of these, is the goal of fostering those practical economic undertakings, which are equitably beneficial to each participant, but also tend to foster the emergence of a community of principle among sovereign nation-states participating as partners in such great, and durably long-term missions. The second, is to promote those types of long-term mission orientations, which will tend to foster the highest relative rate of improvement in the productive powers of labor among all participating nations.

Two broadly defined such objectives are served by each and all among those three missions. First, as I have emphasized the functional connection of the notion of basic economic infrastructure to the notion of a noösphere, earlier here, each and all of these missions were aimed to develop the basis

for rapid improvements in the productive powers of labor among all of the participating nations. Second, the concentration on projects such as “crash” space-development programs, was prescribed in order to generate the quality and intensity of science-driver programs needed to accelerate the rate of technological progress on Earth to the relatively greatest degree.

The latter objective signified increasing, as if “artificially,” by concerted efforts of governments, a leap in the ratio of persons employed in “crash” science-drive programs, to total employment. The goal of that, in turn, was to increase the ratio of total human activity engaged in producing science and technology, to all other labor-force activity. The associated goals, was to use those science-driver programs’ scope and intensity, to foster the propagation of the relatively highest degree of optimism respecting the nature of man, throughout the planet.

Thus, from the kind of mission-oriented vantage-point so represented, all of the important points of critical decision-making are brought into coherent focus. Such is the proper intention of long-range economic forecasting. Without an appropriate, viable mission-orientation, no competence in long-range forecasting were possible.

California Crisis Could Trigger A Global Financial Crash

by Marsha Freeman

The policy of electricity deregulation which has driven California's two largest utilities to near-bankruptcy, is now threatening to spread the crisis throughout the financial sector, in the United States and internationally.

Almost every day of the week, one or another bank or financial institution issues a press release claiming that the California defaults will not affect its financial health or credit-worthiness. This whistling past the graveyard is a sure sign that many see a financial crisis looming, and that few really think that it can be avoided.

The utilities in California are immediately faced with more than \$6 billion in short-term debt contracted for power purchased at outrageously high prices. Were they to declare bankruptcy, an additional \$20 billion in cross-default debt of just those two companies would immediately be affected. Smaller utilities that are not being paid by the California utilities, are threatened with bankruptcy. And in the electric industry as a whole, \$400 billion is at stake in outstanding debt, against about \$500 billion in physical assets.

For the past eight months, thanks to deregulation, Pacific Gas & Electric (PG&E) and Southern California Edison have been buying electricity on the state-mandated spot market, where the price zoomed from \$30-40 per megawatt-hour in 1999 to peaks of more than \$2,500 last Summer. At the current time, the gap between what the utilities had to pay, and what they could recoup from their customers, has grown to more than \$11 billion.

On Dec. 13, Edison International Chairman John Bryson warned that Edison has had to borrow "huge sums of money in the commercial markets" to fund the \$3.5 billion deficit it had incurred, and to purchase additional electricity. "This situation is not sustainable," he said. On Dec. 20, PG&E reported that it was borrowing an average of *\$1 million per hour* to pay for the price gouging by wholesale suppliers, and that it had "exhausted its financial resources."

One week later, while Wall Street was promoting the fairytale that the financial community was not concerned with the imminent utility bankruptcies, Federal Reserve Chairman Alan Greenspan and U.S. Treasury Secretary Lawrence Summers were meeting with California Governor Gray Davis in Washington. After the meeting, it was reported that the two

Federal officials had restated their belief in "free markets," and would do nothing to forestall the utilities' bankruptcies. But when Greenspan lowered interest rates on Jan. 3, there was widespread speculation that the California crisis had prompted the rate reduction.

On Jan. 16, Southern California Edison, in a filing with the Securities and Exchange Commission (SEC), stated that it was "temporarily suspending" payments on nearly \$600 million of bills and debt repayment due, all contracted because of deregulation. Two days later, PG&E notified the SEC that it was defaulting on \$33 million in commercial paper, and its parent company, on \$43 million in payments.

Immediately, both utilities saw their credit ratings on Wall Street downgraded to "junk," ensuring that they could no longer borrow to keep their operations running.

But the few billions of dollars these two utilities owe for the recent shortfall in income, pale by comparison to the \$20 billion that could be affected by a bankruptcy through cross-defaults on longer-term debt, which becomes immediately due in full in the event of defaults and downgrades by debt-rating agencies.

In July 1998, the Federal Reserve Bank of New York brought together a group of lenders to bail out Long Term Capital Management, a failing hedge fund, to the tune of \$3.5 billion. The LTCM debacle, it was noted, could paralyze world financial markets. Now, the situation involves *tens of billions of dollars* in utility defaults.

Who Is Exposed?

Following the defaults, most banks and financial institutions were closed-mouthed about the extent of their exposure. But, it was made public that Bank of America, the nation's third-largest bank, led a group of financial institutions that extended an \$850 million credit line to PG&E last year, while J.P. Morgan Chase, the nation's number-two bank, was the leader on a \$1 billion credit to Edison. Each institution is estimated to have a \$500 million direct credit exposure.

While both banks declined to comment to the press on their loans to the California utilities, Bank of America's chief financial officer told analysts that the bank projects that it will write off \$3 billion in delinquent credits this year, which

should cover utility defaults. The bank issued a statement denying market rumors that utility-sector problems would force it to absorb losses in its derivatives trading division, after its shares were dragged down amid rumors of massive debt and derivatives losses on Jan. 5. There, could start the fall of the whole house of cards.

The rumor was taken seriously enough that there was a suspension of trading of the bank's shares in London, and companies that sell credit protection for the bank (five-year default swaps), faced a substantial rise in costs, because of higher risk.

According to research by Loan Pricing Corp./Gold Sheets, banks from all over the globe are exposed in the California crisis. These include Britain-based Barclays Bank PLC, France's Crédit Agricole, and Credit Suisse First Boston.

On Jan. 8, Barclays Bank issued a statement that it need not make provision against its exposure to a default by PG&E, but refused to reveal what its total exposure is. On Jan. 17, ABN Amro Bank NV in Amsterdam issued a statement that the Netherlands Bank is not at risk from the California crisis. ABN Amro was part of a syndicate that has a \$4.2 billion agreement with PG&E. It was reported that ING Group NV in The Netherlands could face a loss of more than \$80 million from a loan to a unit of Edison International in the United Kingdom.

While details have been slow to emerge, it is reported that Japanese, German, and South Korean banks also have substantial exposure in the U.S. utility sector. Thanks to "globalization," the financial problems of two companies in California can spiral into a worldwide financial blow-out.

Banks that lent to the near-bankrupt utilities are not the only part of the financial sector that will be socked with losses. The financial guarantee industry, or bond insurers, are already paying out claims on defaulted California utility debt. Ambac Financial Group, Inc. reported on Jan. 18 that its municipal bond division made a \$36,000 interest payment on a bond for a California utility that is on the brink of bankruptcy, when it defaulted on payment. In total, Ambac has \$75 million in exposure to Edison, and \$73 million to PG&E.

Also, MBIA, Inc. reported that it expects claims of about \$660,000 because of missed interest payments by Edison. Moody's reported that MBIA has a total of \$445 million of exposure to Edison debt, and \$590 million to PG&E debt. Financial Security Assurance, part of the Belgian-French bank group Dexia, has \$6 million of exposure to Edison and \$13 million to PG&E, and Bermuda-based ACE Ltd. has about \$138 million in aggregate exposure to both utilities, representing 15% of its capital base.

Then there are the investment funds that hold stocks and bonds issued by the utilities, paper on which the utilities are not paying interest. John Kohli, manager of the \$1.6 billion Franklin Utilities fund, has noted that "the reverberations would be widespread, in the near term." There are about 40

mutual funds that specialize in utility stocks (for decades considered to be the safest possible investment), with a total of \$30 billion in assets, which are at risk in the case of defaults.

TIAA-CRFF, a financial services company that manages many pension funds for teachers and educators, has \$335.8 million worth of bonds issued by the two California utilities. The Prudential Utility fund, the nation's largest utility-sector fund, manages \$4.5 billion in utility stocks, which is at risk in a cascade of defaults.

In addition, municipal districts, such as Orange and Riverside Counties in California, each hold \$40 million in utility notes and commercial paper. The income from those investments finances public schools, public transportation, and other essential economic infrastructure.

Small energy suppliers, which sell electricity to the California utilities, and which have not been paid in three months, are starting to fold up shop. In the industry itself, layoffs and capital expenditure cut-backs have not only eliminated nearly 1,000 jobs, but they have also put the reliability of the entire electric grid at risk, by cutting back on maintenance.

In mid-January, northern California suffered two consecutive days of rolling blackouts, and many other days on which industrial customers had their power shut off, to prevent blackouts from becoming necessary. It was estimated by the Los Angeles County Economic Development Corp. that these disruptions in power supply cost the economy of California \$1.7 billion in lost wages, sales, and productivity, in *one week*. Just as utility defaults will cascade through the financial sector, and other utilities, severe economic declines in California will quickly ripple through many other parts of the country.

Many of the so-called (and actual) high-technology companies with substantial facilities in California do business nationwide, and internationally, in parts supply and product sales. "Interrupting power to them could conceivably filter through the entire economy," University of California at Los Angeles economist Bradford Cornell told *Newsweek*. And, the speculative prices citizens are already paying for gasoline, heating oil, and natural gas, are now being rivalled by double-digit increases in electricity rates.

On Jan. 23, *USA Today* summarized the risk faced by the nation if the Bush Administration does not take the appropriate steps to re-regulate. There would be a "worsened economic slump," indicated by the recent closure of the largest steel plant on the West Coast. Second, there could be a "credit crunch," as the cost and terms of borrowing nationwide are tightened by creditors afraid that they will not be repaid. And, third, there could be a "banking crisis if the utilities are unable to pay back their loans."

The global financial crash that could be triggered by the same economic axioms that have left in ruins the state with the largest economy in the United States, should bury those axioms forever.

Manila's 'EDSA II' Coup Is A Wake-Up Call for Asia

by Gail G. Billington

On Jan. 20, Philippines Vice President Gloria Macapagal-Arroyo was sworn in as President by Supreme Court Chief Justice Hilario Davide, *without* the prerequisite of an official resignation from President Joseph "Erap" Estrada. Macapagal-Arroyo's swearing-in was neither a celebration of "democracy at work" nor a re-run of the "people's power" movement that brought down President Ferdinand Marcos in the 1986 "EDSA Revolution," named after the monument which served as the rallying point of those mass protests.

Those responsible for Macapagal-Arroyo's promotion have made clear that what happened between Jan. 16, when the Senate impeachment trial of Estrada was aborted, and Jan. 20, when Macapagal-Arroyo took the Presidential oath of office, was a pre-planned *military* coup by retired senior and junior officers, in which former President Gen. Fidel V. Ramos (ret.) played a key coordinating role.

On Jan. 22, the *Washington Post* quoted Air Force Gen. Ed Abenina (ret.) saying, "The Philippines people like to call it 'people power,' but in fact it was a coup. It was the overthrow of the government." The *Los Angeles Times* described Abenina as "one of the ringleaders of the plot." Former Defense Secretary Gen. Fortunato Abat admitted that he had been plotting the coup for months, long before the public charges made last Oct. 9 by Estrada's now-former friend, Luis "Chavit" Singson, that he, Singson, had delivered millions of dollars to Estrada in proceeds from illegal gambling and tobacco-tax kickbacks, became the focus of a Senate impeachment trial of Estrada which opened on Dec. 7, 2000.

Troops, tanks, and aircraft were deployed to strike on Jan. 20, if military leaders under Estrada's command had not capitulated to the coupmakers. The *Washington Post's* report added: "Gen. Panfilo Lacson, the national police chief and a close friend of Estrada's, also withdrew his support Friday

[Jan. 19]. His announcement came one hour after 50 police officers, armed with handguns and assault rifles, stormed into his office, according to a newspaper reporter who witnessed the event."

Whose Law Rules, If Any?

The U.S. State Department, starting with the early-1980s establishment of the National Endowment for Democracy, or "Project Democracy," has championed "democracy and rule of law," using these as weapons to bring, especially, developing-country governments into line with U.S. policy. So, why did State Department spokesman Richard Boucher, who was presumably speaking for the Bush Administration at the daily briefing on Jan. 22, read a statement that the U.S. welcomes the "peaceful transfer of power . . . in accordance with democratic procedures"?

Boucher was asked by a reporter, "If democratically elected officials have a gun to their heads from the military that threatened a coup, why are their actions democratic?" Boucher replied that the authorities handled it "in a manner which they have deemed consistent with their Constitution. That's the important thing."

What is worse for the Philippines is that the coup enjoyed the full support of a second former President, whose name is synonymous with "people's power" and "democracy"—Corazon Aquino. The coup also had the blessing of the most senior official of the Roman Catholic Church in Asia, Jaime Cardinal Sin, who called on citizens to join mass demonstrations at the 1986 monument and to stay there on Jan. 19, declaring, "EDSA is holy ground. God is in this place. Do not go anywhere."

Leading Asian press and statesmen are drawing obvious conclusions:



Philippines President Joseph Estrada (right, meeting with U.S. Secretary of Defense William Cohen) has not resigned, but Philippines Vice President Gloria Macapagal-Arroyo was sworn in as President anyway, by Supreme Court Chief Justice Hilario Davide, on Jan. 20.

- *Far Eastern Economic Review* Manila correspondent Deidre Sheehan headlined her report in the Feb. 2 issue, “More Power to the Powerful.” She wrote, “They’re calling it People Power II, the sequel to the 1986 ouster of Ferdinand Marcos. That first revolt became a model for civilian uprisings against dictators around the world. But the second revolution is already being criticized as a ‘soft coup’ that ejected an elected President in order to return the old, wealthy political and business elite to power.”

- The *Asia Times*’s Jan. 23 editorial adopted a comment from Macapagal-Arroyo’s friend, Filipino Sen. Franklin Drilon, for its headline: “Philippines: Banana Republic—At Best”: “Make no mistake about it: The events that led up to the swearing in of Gloria Macapagal-Arroyo . . . were a coup d’état. . . . Whatever curious legal construction anyone may now attempt to put on the ouster of Estrada, he was ousted by a military coup, with the connivance of the leadership of the Roman Catholic Church, major business groups, and two former Presidents.”

- *Business Times* Manila correspondent Al Labita titled his Jan. 23 column, “The Bottom Line: A Triumph of Mob Rule in the Philippines.” He wrote, “The Philippines trumpets itself as a democracy, a nation of laws, not of men. Yet, what happened was the opposite. It was undemocratic, unlawful, and perhaps even uncivilized. It has set a bad precedent. Now, no duly elected President can invoke the Constitution and the duly enacted laws of the country to protect his or her term of office. The mob may decide otherwise. . . . The new occupant of Malacañang Palace should know that the Constitution has been rendered meaningless, and that she rules with leave from

the military and the mob.”

Among the comments that are likely to stick in the memory of editorial writers concerning these events in Manila are those of Singapore Senior Minister Lee Kuan Yew, who was quoted in an interview with Associated Press: “I don’t think it was a plus for the democratic system.”

Regional Fault Lines

The ten-member Association of Southeast Asian Nations (ASEAN) is a relatively crowded neighborhood of about 500 million people, so what rattles your neighbor’s windows may well rattle yours. With nearly 90 million people, the Philippines is the second most populous country in the grouping, and, historically, has the closest and most complicated relationship with the United States. No one in a position of authority in the region can afford to take these events lightly, especially since, as of this writing, the Philippines has *two* Presidents! President Estrada has *not* resigned, but President Macapagal-Arroyo has been sworn in as President, with the full support of the Supreme Court of the Philippines!

The Philippines is only one of three countries in ASEAN in which the sitting or incumbent head of state is either under threat of impeachment and/or facing “corruption” investigations that would hinder their ability to govern.

The current situation in Manila follows from the initiation of impeachment proceedings against Estrada, first, in the House of Representatives on Nov. 11, 2000, which moved to a Senate trial on Dec. 7, on charges of bribery related to protection money from legalized gambling concessions; graft and corruption related to kickbacks from tobacco taxes, which

were used, allegedly, to pay off old campaign debts; betrayal of public trust; and culpable violation of the Constitution. Those proceedings were aborted on Jan. 17, when 11 out of 21 Senators voted *not* to admit evidence from certain bank records, which prosecutors claimed would tie Estrada to ill-gotten wealth. That vote precipitated the resignation and walk-out of the Senate President and the members of the combined civilian/House prosecution team.

In Indonesia, the most populous nation in ASEAN, President Abdurrahman Wahid is threatened with impeachment proceedings in the House of Representatives related to two corruption investigations linked to him directly or to his personal staff. In Thailand, telecom mogul Thaksin Shinawatra, whose Thai Rak Thai Party won a majority of seats in recent general elections, is the target of a corruption scandal, which dogged his campaign and may curb his range of action as Prime Minister when, and if, he is sworn in.

In Malaysia, black propaganda is being used to fuel discontent against Prime Minister Dr. Mahathir bin Mohamad. Only 24 hours after President Estrada was removed from Malacanang on Jan. 20, the British Broadcasting Corp. aired a report, monitored in Germany but originating in Kuala Lumpur, Malaysia, which said, in effect, that what had happened to Estrada could happen to Prime Minister Mahathir. BBC claimed that Dr. Mahathir is the object of rising discontent within the ranks of the ruling UMNO party — and, besides, he is 75 and has promised to step down soon! Just to make sure the point got across, BBC ran a similar report the next day, and *Asiaweek's* Jan. 26 issue featured a package including an interview with Dr. Mahathir plus back-up articles, under the headline: “When You Grow Old, You Face Reality.”

The giveaway as to what is behind this comes through in the following exchange with *Asiaweek's* correspondent, who referred to the September 1998 decision of Dr. Mahathir's government to peg the Malaysian ringgit at the fixed rate of 3.8 to the dollar, and to impose selective capital controls.

Asiaweek: Are you reviewing the peg on the ringgit?

Dr. Mahathir: I don't know why everybody keeps on asking me this question. Up until now it has done us a lot of good. Until the international financial system is changed, so that people cannot destroy whole economies simply because they want to make money for themselves, I will not review the peg.

Asia Needs 'New Japans'

The same week that the political crisis in the Philippines exploded into a full-blown Constitutional crisis, Dr. Mahathir paid a four-day visit to Japan, in particular the formerly thriving industrial center in the Kansai region, which includes the city of Osaka. On Jan. 18, Dr. Mahathir delivered the keynote address at a symposium hosted by the daily *Mainichi Shimbun*, in which he called on Japan to see the establishment of an Asian Monetary Fund as the key to pulling the Japanese

economy out of the deepest recession in its postwar history. This would be based on developing the internal Asian market represented by the concert of nations in ASEAN and their so-called “Plus-3” dialogue partners, South Korea, China, and Japan, which includes roughly one-third of humanity, and on strengthening ties to India; with India, the grouping would represent more than half the world's population. An Asian Monetary Fund serving such a market could be the seed-crystal for a new world monetary system, Dr. Mahathir said.

Specifically, Dr. Mahathir called on Japan to return to the policies of the 1960s and 1970s, when Japan was a leading center for industrial, scientific, and technological development, based on the concept of a “full-set” economy, and a major source of technology transfer to developing nations, especially in large-scale infrastructure projects. Japan, Dr. Mahathir implied, must get back in the business of building “new” Japans by these methods (see excerpts from Dr. Mahathir's speech in this issue).

The Philippines' Forgotten Mission

To become such a “new Japan” has been the “twinkle in the eye” of the best leaders of the Philippines since achieving independence in 1946. The “Filipino first” clause of the Constitution of the Republic of the Philippines declares that the proper role of government is to provide for and promote the general welfare of the Filipino people first — all of the people, not just the leading 1-5% of families of former Presidents and other “notables” — and reflects the core ideas, especially the General Welfare clause, of the U.S. Declaration of Independence and the Preamble of the U.S. Constitution.

Up till the early 1970s, the Philippines was the third-largest developing economy in East Asia and the Pacific, behind Indonesia and South Korea, with the largest U.S. business presence in all of Southeast Asia. The father of President Gloria Macapagal-Arroyo, Diosdado Macapagal, left his daughter some wonderful reflections on the theme of the Philippines' role and the qualities of leadership required of the President. However, he was the first Filipino President to sign a “stabilization” agreement with the International Monetary Fund (IMF).

Macapagal's successor, President Ferdinand Marcos, had a grand plan of 11 “major industrial projects” for the industrialization of the overwhelmingly agricultural economy, including transportation by rail, roads, and bridges to link the major islands in this 7,000-island nation. However, those plans did not survive the succession of increasingly painful IMF de-“stabilization” programs to which the country has been subjected continuously since the government of President Macapagal.

As part of the coordinated political and economic campaign run against former President Marcos by the IMF and the Reagan-Bush Administration, from the August 1983 murder of opposition leader Benigno “Ninoy” Aquino, husband

of Corazon Aquino, to the April 1986 U.S. airlift of Marcos from Malacañang to Hawaii, the Philippines was put through the worst punitive economic depression since World War II, from which, it was forecast in 1983, the country would not recover before the mid-1990s. The “strategic projects” were shelved.

The looting of the Philippines was at its worst under those champions of “democracy,” now coupmakers, Presidents Aquino and General Ramos, as both tried to satisfy the envoys of “the markets” and “free trade.” Under Aquino, debt service increased 85% in her first year in office (1986-87), and stayed at over 40% of the budget throughout her term in office. From 1992, under Ramos, debt service grew to 34% of the budget, compared to 16% under Marcos. Despite separatist insurgencies on two fronts, under Aquino and Ramos, funding of the Armed Forces, education, and health care were slashed, while the export of the country’s very capable people skyrocketed, with increasing numbers of “overseas contract workers” providing record rates of foreign exchange to offset the insatiable budget deficit. In the last years of her term, Aquino was the target of at least seven failed coup attempts, led by middle and younger officers, whose families, no doubt, suffered the effects of such budget cuts.

Judging by her first Cabinet appointment, that of Finance Minister Alberto Romulo, President Macapagal-Arroyo has acted to appease “market sentiment.” Romulo served under Marcos, where he opposed the Bataan nuclear power plant, one of the 11 industrial projects, as a wasteful boondoggle. Under President Aquino, Romulo was Budget Minister and a member of the Monetary Board. In the transition to President Ramos, he was one of the authors of legislation to restructure the Philippines National Bank into a new “central monetary authority,” which is today’s *Bangko Sentral ng Pilipinas* (BSP), based on the model of the U.S. Federal Reserve. The BSP was set up to be completely independent of Manila’s Finance Department, which is comparable to the U.S. Treasury. The Treasury has no control over the amount of credit issued by the BSP.

Macapagal-Arroyo was on the Dean’s list in Economics at Georgetown University, in Washington, D.C., where she was a classmate of President Bill Clinton. She took the point in the Ramos Administration for seeking Senate approval of the General Agreement on Tariffs and Trade, and ratification of the World Trade Organization.

As for concurrent President Estrada, regardless of the merits, or absence thereof, of any of the corruption charges against him, he has largely squandered the largest electoral mandate ever given to a President of the Philippines. When the Senate impeachment trial opened, he still enjoyed the solid support of 40% of the public.

That vote says as much about what the Filipino people were voting *against* in 1998, as about what they voted *for*.

The Philippines’ poor majority embraced Estrada, who was born into poverty, but was a successful “cops ’n’ robbers” movie actor. Macapagal-Arroyo is among the “1-5%” of the children of former Presidents or other notables. It is too early to tell how this stalemate will be resolved, and for how long that resolution will last, before lawlessness again kicks in, or before “the Filipino comes first.”

LaRouche to Philippines: ‘We Know How To Rebuild the Economy’

On Jan. 20, Lyndon LaRouche was interviewed on RMN radio in the Philippines, by host Herman “Mentong” Laurel and co-host Antonio “Butch” Valdes.

Valdes: We’d like to welcome you here to the Philippines, Lyndon LaRouche. We just had some interesting events, culminating in the changing of the Presidents. We change them Philippines-style, “people power,” through a bloodless event.

LaRouche: I heard.

Valdes: It happened during [President Ferdinand] Marcos’s time, and now with President [Joseph] Estrada.

LaRouche: And it happens in the same pattern. In a situation like this, first of all, we realize this also is going on around the world. In California, whose economy is considerably larger than the Philippines, by quite a bit, the whole state of California is in a crash crisis. In a situation like this, we can not exactly make a prediction, like race-car gamblers make predictions. What we can do, is make a map showing the various roads by which we might travel, and try to find the right road to travel, and that probably is better information than any prediction.

But in the California situation, the new U.S. government will have to face the new crisis, and it is going to have to make a decision. If it makes the wrong decision, the road will go one way. I don’t think it will make the right decision. I think it will make the wrong decision. And what it will do, and will do with stubbornness, is to make the world situation more explosive. Which means that in terms of Asia, the Asian economic situation, which includes China, Japan, Korea, and ASEAN [Association of Southeast Asian Nations], is going to suddenly become more difficult. I think that what we [EIR] have been doing, on a global scale, with its reflections in the Philippines, is probably the good road to travel, even under the changing conditions.



Lyndon LaRouche: "What you have, is an empire which is ready to collapse, as the California situation illustrates, but will act with a maximum amount of desperation, with a relative minimum amount of capability. . . . This Administration will lash out in all directions in the planet, for where to strike, trying to set horrible examples for those who do not obey."

Laurel: Do you think what has just happened is a coup? How is this connected to California and Asia?

LaRouche: What you have to understand is that the present leadership, typified by Bush, is of limited mental capabilities. And what you have around him is people with experience in global crisis management. We saw this under Nixon, Ford, Carter, Bush, Sr.'s Presidency, and under Clinton, in terms of getting him involved in doing certain things. So, this team has some intelligent people in it, but the organization is not intelligent, in the real, strategic sense.

What it's going to do, is attempt to charge ahead foolishly, like an army charging into enemy gunfire. It will attempt to bully the world into an attitude of submission to whatever comes out of Washington. Now, you have this killing of Kabila in Congo. Kabila was not very good, as we've documented, but he happened to get at cross-purposes with the interests of George Bush the Elder, with Barrick Gold, and similar operations, and suddenly, he's dead. We see the Middle East situation, which could have been managed, but we see that the policies of the Bush crowd have actually played into being about the potential of a very early war in the Middle East, spreading against Iran, and so forth. We have the situa-

tion in Asia, where they will try and crush China, Japan, Korea, and the ASEAN nations. It will try to have a military expedition against Iraq again. It will behave toward Southeast Asia and Africa in the same way. It will try to intimidate Europe to become an unwilling but dutiful ally on the whims of Washington in all parts of the world.

So what you have, is an empire which is ready to collapse, as the California situation illustrates, but will act with a maximum amount of desperation, with a relative minimum amount of capability. So, this is one of those moments in history which is most dangerous. And that's the situation we're in. In general, the impact we should look for is a global one, not a regional one. This Administration will lash out in all directions in the planet, for where to strike, trying to set horrible examples for those who do not obey.

Laurel: Is that what we can say is happening to us? One of the founding principles of the new Administration is "globalization."

LaRouche: Globalization is a process set into motion under President George Bush in 1989-91. It has never stopped. It is a policy of certain segments of the U.S. establishment, and it is going on. So, obviously, what you see in the coup operation is, somebody said, "We have a new Presidency in the U.S., let's clean the decks, let's clean up things we want to get rid of. Now, just to start with." So obviously, this will not be the last coup in the Philippines.

Obviously, we know from past experience, that this could not have taken place the way it did without direction from Washington. It just could not. We know this from past experience, what the map is. And, therefore, don't look at it as a selective operation against the Philippines, look at it as part of a global pattern of behavior.

Laurel: This looks exactly like what happened to [ousted Peruvian President Alberto] Fujimori.

LaRouche: So, it's the same thing that happened with Marcos. Just a different time, with a different spin.

Laurel: Like [Indonesian President Abdurrahman] Wahid is facing now.

LaRouche: Absolutely. The intent is to break the country up.

Valdes: Under the present circumstances, we have a government that will start up on the same policies as before. What would you advise the present economic managers?

LaRouche: First of all, the collapse of the U.S. economy as an importer of last resort is going to mean a collapse of the exports of all ASEAN and ASEAN-Plus-3 countries. The shock effects of the collapse in the Philippines, you can calculate for yourself. If you imagine a 20-30% collapse in the total volume of U.S. imports because of the financial crisis, and translate that into the effects on, say, all of the East and South

Asian economies — . You have a picture of a government coming into place which is oriented toward the same kind of thing an Al Gore represented up until the Bush inauguration. But, its policies are not going to work.

So, what you're getting into, is a period *not* of a clear direction of policy thrust by an incoming new arrangement. What you're getting into are—people are marching into quicksand. And you know what happens to an army that marches through quicksand.

The policy behind what the new government ostensibly represents, is the specter of a poor army marching into a quicksand swamp, on which it may have very clear intentions—it may be the most powerful army in that location—but what is it going to do in a quicksand swamp? The quicksand swamp is the collapse of the world financial, monetary, and trade system. We can see this coming week, shock effects as the result, in one way or another, because of the kind of decision or indecision the Bush Administration makes on the California energy crisis. We're going to see shock effects which will change the world situation strategically, at least in terms of the economic parameters.

Another thing to remember, is that the largest single factor in the energy crisis affecting areas of the U.S. such as California, is a company which is associated personally with George Bush, Enron. Enron is one of the predators whose actions are driving up the prices of electricity in California and elsewhere. Therefore, if the Bush Administration is to act to control that process of collapse, it has to act against the desires of Enron to capture more profit. So, you can not say exactly what is going to happen, but what you can see is the contradiction in the situation where you can say, "Yes, the army is the strongest army on the scene, but it's marching into the quicksand swamp, and is very stubborn and very stupid about it, and will probably get stuck," in terms of the political effects of the collapse of the economy.

What are you going to do, for example, in the Philippines, based on a collapse in the economy, based on the collapse of Asian exports to the U.S.? So what you have in that situation, is that the crisis-management people, faced with a swamp, will react as they reacted to the Indo-China war swamp. They will try to keep the war going. They will try to get one force against another force, they will try to unleash every kind of non-governmental organization-type and similar type of separatist/insurrectionist chaos in every part of East and South Asia.

Valdes: The attempts to establish close diplomatic ties with ASEAN-Plus-3 nations are being pushed through at a rapid rate by different nations. In the Philippines, we were too distracted by the impeachment processes. How do we get back on track?

LaRouche: In the Philippines, we tried to establish in 1987-88 a similar kind of cooperation among the nations of Southeast Asia. What happened since then? Then, you have a refer-

ence point for what is happening now. So, you see someone has effectively driven a bloody wedge between countries, instead of a natural kind of ecumenical approach. So, we have a different kind of situation than we might have been able to develop in 1988. But knowing that, should tell us some of the things we might take into consideration when doing what we have to do to correct that situation now.

I think it's very important to have a dialogue with, for example, the Malaysians behind Dr. Mahathir bin Mohamad. Although Mahathir's formulations have many defects, he's going in the right direction, and he has a very good national sovereignty base for his approach. I don't think, necessarily, that the Islamic population there in the Philippines would be immediately amenable to these as they were, say, 12 or so years ago. But I think there should be some direct communication with people such as Mahathir on discussion of the possibilities of new understanding of peoples and movements in Southeast Asia. I think that what we have to do, is take a global-regional view of this situation, and count on developing understanding with various people in conflict. For example, we just had a conference in Sudan, where we discussed cooperation among states in Africa on the Nile, and related questions. I think it's the time now, in whatever form it can be done, to have this kind of outreach to key circles in other countries, so it's not mechanically based on a Philippines policy, but a regional cooperation approach.

Valdes: I'd like to go back to the U.S. economy. You very accurately predicted this period we are in now, in terms of various collapses and the meltdown. Are we to expect the U.S. economy to go down in the next couple of months or so?

LaRouche: I don't think we should think in terms of any sense of predictions, but instead think in terms of roads that go through high grounds and swamps. Know that the enemy will dictate the terms. At least at the outset, the enemy will have the primary initiative. So the question is, you have to appreciate what the different options and timetables may be and react to these. But there is an overall principle involved, nonetheless. And thinking in those terms, you think more clearly about flexible flanking approaches to the kind of problems generated by this.

Immediately we know there's going to be a crisis, a terrible financial, monetary, and economic crisis. That's unavoidable. The Bush Administration is not capable of avoiding the mistakes they will make in that direction. What we don't know is exactly what mistakes they will make, but they will make mistakes. Each of these mistakes define a slightly different pathway of development. They will react to their own mistakes with new mistakes. And that's the way we have to deal with this situation.

You have to have a map in the sense of eventualities, based on the enemy's movements. The adversary has options. We don't know exactly what options he will pick. We know the general nature of his reactions, what kind of an animal he

is, how he will tend to react. He will make mistakes. That we know. After he makes a mistake, he will react to the results of his own mistake. And then again, he will have choices. So we have to have an overview of the overall strategic situation, and judge accordingly. Not to get trapped into any simplistic assumption or another when it might go one of ten ways.

Caller: Do you think this California situation will spread into other states, and will there be any resulting political instability from this crisis?

LaRouche: Oh! It's tremendous! Absolutely! Look at, in particular, Enron. Enron is this company that was buying up energy supply organizations, or buying up energy supplies to control the market. What they were doing is moving on the method of mergers and acquisitions. In California, they deregulated in a radical way. They divided the producers of electricity and gas from the distributors of electricity and gas. And forbid any company to do both. Then they took action which shut down the future development of new production of energy supplies. Then, companies tied to Enron and similar operations, moved in to orchestrate the market in a way which would drive the price of electricity to astronomical amounts.

Now, the utilities that sold to the public were still regulated in regard to the maximum amount they could charge. Now, in this method, companies like Enron, by driving up the price the distributing companies had to pay, bankrupted two of the largest electricity-distributing firms in California. You see, public utilities used to be the most secure type of public investment for retirees, and things like that. They took this class, moved in on it, and bankrupted these utilities wholesale. In the meantime, major banking interests in Asia, and the U.S., including some of Bush's own allies, are deeply in debt and in danger of being dragged down into general bankruptcy as a result of the California situation.

Decisions on that subject have to be made in the coming week, and if they aren't effective, the situation will become much worse. If it blows, it'll blow out most of the U.S. financial system, and it will blow out much of the Asia financial system, especially Japan. This is what we're dealing with. We're dealing with a bomb. Now, this kind of speculation, which the Bush crowd has been deeply involved in for over 20 years, is the same kind of speculation, in effect, the same kind of thing that caused the hyperinflation in 1923 in Weimar Germany. So what you have, is a tendency for these targeted areas of investment to become focal points of hyperinflationary rise in commodity prices, such as a rise in electricity prices, which then in turn shut down whole sections of the economy, which will then set off a chain reaction, a depression chain reaction, which then throws into bankruptcy whole categories of things which represent those industries and investments which have been shut down.

So, you're looking at a potential hyperinflationary explosion, or a deflationary implosion, as a result of this situation.

We don't know how exactly it's going to go, because there are various ways they can try to react to it. But if they continue to make mistakes by sticking to their present policies, this will, in a fairly short period of time, blow out altogether. And it will blow out not only the U.S., but a great part of Asia, because there are Asian markets and Asian banks that are deeply involved in this California situation.

Laurel: I'll be jumping to another topic because I am trying to put together the different aspects of information that our public needs, to understand the whys of the latest coup that we have had. Now, two weeks ago, the AIG group, including two members of the board of directors, who were former U.S. Ambassadors to the Philippines, Stephen Bosworth and Frank Wisner, had a meeting in Manila. And I don't know if it was just a coincidence, but with the coup coming just a week and a half after their meeting, there may be some connection. But I think our public should know a little more about this group, this American International Group, AIG, over which Maurice Greenberg exercises power.

LaRouche: The Greenberg group is well known to some of you—the pedigree is well known from its relationship to Japan, its relationship to operations in Vietnam during the Vietnam War, and things like that. This group is very close to a certain section of the U.S. intelligence community, which is tied to the “Southern Strategy” crowd, and it does have feet in the diplomatic area and the intelligence-community area of the United States. When you talk about the two individuals, Wisner and Bosworth, you are talking about people who represent exactly that. These are people, who overlap and intersect with so-called Hank Greenberg. They intersect exactly this thing, and, remember, AIG, as you probably recall, was the key immediate interest behind the coup against Marcos. It was AIG, with its resources back in Washington, as well as New York, which was the driving force behind the coup against Marcos. And, you saw what [Marcos's Defense Minister, now Sen. Juan Ponce] Enrile, with former President [Gen. (ret.) Fidel V.] Ramos, and so forth, and Cardinal Sin, what they were able to activate.

And, it is not much different now. You are looking, essentially, at a command structure.

Laurel: And, the AIG focusses primarily on financial power, is that correct?

LaRouche: Yes, it is a very large, multinational syndicate with very strong interests in Asia, which was interested, for example, in the part of the Philippines where you have this volcanic, highly mineral-rich area, such as where the goldfields in Mindanao are located. They were interested in controlling that; also controlling, of course, things like utilities and what not, but it was essentially at that point, when AIG was in that form—it has since gone through various kinds of mergers and acquisitions, and changed somewhat—but in

that form, that is what it was then. The important thing is the continuity of the financial community, intelligence, et al. community, military community, interrelationship. That is the control apparatus by which the coup potential is organized.

Valdes: At this particular point, where would the initiative come from, to change the situation, if not from the U.S.?

LaRouche: What we're dealing with, is a situation where ideas are of the most importance. I mean ideas with which I use the term, such as concepts of history, concepts of man. At this point, it's people with ideas who are able to reach into the various strata of the population and institutions who will possibly shape the future for the better. Thus, one does not limit oneself to forces in motion entirely.

We have, for example in the U.S., the issue of Ashcroft, and the danger a Bush government will mean, potentially, in this crisis. But the fatal, tragic quality of the Bush government is, like Hamlet, it may have people intelligent enough to see the way in which they are going, clinging to their present habits, which means they're going to be doomed. But like Hamlet, they can not change their ways even if they can see the road to doom ahead. In that case, you will have to be aware that these people will make a crisis in which their power and

authority and influence is suddenly destroyed, in much the same way that we recall in Leipzig, Germany in 1989. You had the people in the streets with candles at night, and the G.D.R. security forces were on the other side, ready to shoot, but didn't. And the regime, which the week before had proclaimed itself practically a thousand-year empire, collapsed that week, and was replaced by a series of interim governments, and finally led to reunification.

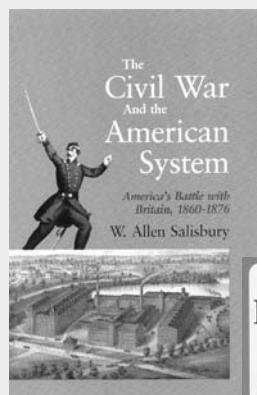
So, we're in a situation where sudden collapses of existing imperial structures open the doors and the mind of people to the recognition that the old ways are dead, and that new ways have to be found and chosen. What I've emphasized, therefore, is the lesson of what FDR represented between 1933-45. The rebuilding of the Philippines economy in the initial postwar period is a part of the success story. We did know how to run an economy, to pull it out of the devastation of war, and build an economy. We could do it again. The idea which is most important under the kinds of conditions of crisis we have now, is the idea which involves what FDR did; is a lesson in history which shows what we can do again now under similar difficult conditions, even though they're worse now than they were then. I think that's the basic message and approach we have to take, and then work out the details from there.

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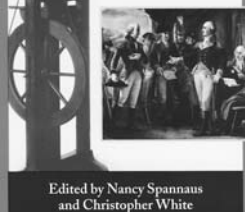


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Dr. Mahathir: Asia Must Forge ‘Model For Mutual Good for Rest of the World’

In an extraordinary speech presented in Osaka, Japan on Jan. 18, entitled “Promoting Mutual Understanding Between Asia and Japan, Especially Kansai” (Kansai is the industrial district around Osaka), Dr. Mahathir bin Mohamad, the Prime Minister of Malaysia, called on Japan to break its dependence upon the Anglo-American “globalization” process, and take the lead in creating a new, just economic system for Asia. This system, he argued, centered on the proposed new Asian Monetary Fund (AMF), must provide the seed-crystal for a new world economic order, now that the follies of the speculative, International Monetary Fund-based system have brought destruction down upon the entire world economy. To reverse this disaster and achieve a new era of peace and development, Dr. Mahathir advised Japan to return to the successful model of the postwar era, when, under the tutelage of a United States which at that time still believed in developing the productive powers of the nations of the world, Japan’s “full-set” industrial policy of high-quality, low-priced goods, transformed the nation into one of the world’s leading economies. The following are extended excerpts from Dr. Mahathir’s speech. Subheads have been added.

... In the history of the world there have been many obscure countries and people who suddenly emerged, developed, and prospered to build great nations, empires, and civilizations, only to crumble, decline, and fall after decades or even centuries of greatness. At the height of their power and prosperity, they and many who were their contemporaries believed that they and their greatness would last forever.

The Persians, Greeks, Romans, Mongols, and others all believed their civilizations would be permanent. The British used to make treaties with the Malay states to last as long as there is the Sun, the Moon, and the stars in the heavens.

But we all know that they all crumbled and declined, and are today hardly shadows of their former selves.

Japan, which began to copy the West during the Meiji Period, not only acquired striped pants and morning coats, but also the idea of securing supply lines through a Western-style empire. It did not last long, but it has not cured the Japanese people of wanting to copy the West. Today Japan is copying the ideologies and the economic management systems of the West. I suspect that just as the Japanese East Asian Empire ended in disaster, the Japanese copy of Western ideologies and systems will have the same end result.

Today Japan is copying the United States. America is a

great democratic and free country. When they won the Pacific War and freed us from Japanese imperialism, I thought I would forever be pro-American.

But the Americans have changed. They are no longer the liberators. They have become the dominators. It is sad to see the American Embassy in Kuala Lumpur surrounded by concrete walls now, where before only the Russian and Chinese Embassies had such walls. Why do so many people seem to want to do harm to the Americans? Whatever may be the reason, if they are so disliked, is it wise to copy them? . . .

Not everything American is bad, of course. Japan used to produce inferior cheap goods. The Americans taught Japan to switch to high-quality goods instead. But Japan did not accept the other American business practices, especially with regard to pricing. Japan continued to believe in low prices and market share. These, combined with high quality, were an unbeatable formula which fuelled Japan’s growth by, at times, double digits. . . .

Left to themselves, the developed West would have produced high-priced products which their people could afford, but the poor countries could not. As their workers demand even higher wages, their goods would increase in price, forcing the poor countries to sell more raw materials in order to pay for less and less manufactured imports.

The West did not take kindly to the Japanese invasion of their markets, but the poor of the world were ever grateful. Take away the Japanese cars and appliances, and the poor would revert to a primitive lifestyle, chopping down trees for firewood and walking or cycling to work.

Countries like Malaysia are even more grateful, because as you become more affluent and your cost rose, you shifted your production to low-cost countries, including Malaysia. We wanted to industrialize, because we could not depend on producing and selling tin and rubber only. . . . Today every major Japanese corporation has plants producing the most sophisticated products in Malaysia. We are now fully industrialized, with 82% of our exports made up of manufactured goods. Japanese cooperation with its poorer neighbors has been meaningful and fruitful.

Don’t Copy Everything from the West

What is the lesson to be learnt from the modernization of Japan’s industrial capacity? It is that learning from the West need not be total. Copy the quality, but not the price, margins, or market share. If Japan had gone totally West, it would not

have been able to compete in the world market. If Japan had priced its goods the way the West priced their goods, it is certain that Japan would not have conquered the world's market. By retaining the essentials of Japanese marketing strategy, Japan rapidly became the second-biggest economy in the world.

Now Japan is trying to emulate the West 100%. In politics, economy, and financial management, Japan is discarding all its old practices in favor of Western methods and standards. Japan has discarded lifetime employment, cooperation between the government and the private sector, regional cooperation, ideology, etc. Even Japanese youths want to be blondes, work less, and play more. The traditional Japanese and Eastern culture is being discarded and replaced with Western disregard for filial piety and discipline. . . .

The West has conceived, promoted, practiced, and discarded any number of their perfect ideas and systems. It is most unlikely that their current ideas or systems are going to be any better. One day they will condemn and discard their latest craze, i.e., liberal democracy and the free market. But the cost will again be high, higher perhaps for those who swallowed their ideas and systems unthinkingly.

We in Malaysia have good reason to doubt the new Western recipe for the world. We have been the victim and we have seen others suffer even worse from the latest Western ideas and concepts. And so, all of us should put our heads together to examine liberal democracy and the unfettered market in a borderless world, and to determine what we should accept, what we should reject, and what we should modify.

East Asia is concerned about Japan's economic health. Malaysia made it clear that Japan is its model. Others in the East may not admit it, but they too used Japan as a model. Indeed, it was Japan's success which encouraged their faith in themselves.

And so, we are distressed when Japan showed signs of failing, and for more than a decade seem unable to pull out of the recession. We are even more distressed, when Japan seems to value its relations with America, in particular, more than with East Asia.

'The Century of the World'

Many of us think that if Japan and the East Asian countries work together, we can even come up with a model of cooperation for mutual good for the rest of the world. And that will include the development of a financial architecture and a regime for international trade.

I am not a believer in the Asian century. I believe this century should be the century of the world. We all need each other. If we enrich all the countries in the world; the countries of Africa, Latin America, and South Pacific included, we will have a fantastically rich market, which can only enrich every country. It is not easy, it will take time and patience, but it can be done. . . .



Dr. Mahathir bin Mohamad. Japan must return to a "full-set" economy, said Dr. Mahathir, which will help the economies of all the world's nations to develop.

For East Asia to recover and once again achieve miracles of growth, the countries must be allowed to work out their own formulas. . . . Globalization, for example, is great, but in its present form, it is benefitting the rich and the powerful only. We cannot enrich the whole world through present methods of globalization, because it is based on dominance of the rich and the powerful, over the poor and the weak.

For East Asia to recover faster, Japan must play a big role. Japan has the financial strength and the technology to contribute towards East Asia's recovery and growth. It is said that a major cause of Japan's inability to recover, is the unwillingness of the Japanese to consume. Well, East Asia can consume what Japan produces, more if Japan helps East Asia to prosper again. Please go back to your old strategy of producing high-quality, low-cost goods, and you can sell much of what you produce to East Asia. You don't have to stop trading with Europe and America, but we will provide you with a big additional market. But first, help us to recover by investing in our countries and setting up the Asian Monetary Fund.

Japan understands Asia and East Asia better than the West, except when it chooses to listen to those people who do not understand Asians. Learn about us through your own news-gathering network. If you rely on existing news networks, you will miss myriads of opportunities. If you get truthful reports, you will help create better understanding, not only between you and us, but also between East Asian and Asian countries.

‘Prospering Our Neighbors’

Malaysia believes in prospering our neighbors, especially those adjoining our country. The reason is simple enough. Prosperous neighbors are less likely to give us trouble. On the other hand, they make good trading partners, an activity that will be mutually enriching.

Clearly a policy of good positive neighborliness is good for everyone. On the other hand, a policy of extracting and even destroying the wealth of neighbors benefits no one, not the destroyer nor the destroyed. This is what happened when the currency traders devalued the currencies of East Asian countries, in order to make huge, quick profits for themselves. By destroying the economies of the prosperous East Asian countries, they have destroyed one of the richest markets of the West.

Similarly the present concept of globalization will destroy more than it will build. For example, Britain allowed its automobile industry to be owned by foreigners, because the foreign companies were bigger and more efficient. Now, one by one, the British plants are being closed down. Cars can be more efficiently produced in Germany and America. The result is unemployment for thousands of British workers. However, they get unemployment benefits. Developing countries like Malaysia cannot afford this safety-net.

Efficiency also demands that American plants be closed and all the cars made by efficient German workers and exported to America. What about American workers? Well, that is not the problem of Daimler. It is the problem for the American government to solve.

The benefits of good neighborliness are endless. Even within a country, consideration for the less-developed region yields good benefits for all.

No One Needs To Be Poor

. . . Today the world is fantastically rich. The combination of human ingenuity and natural resources has so enriched the world, that no one really needs to be poor. It is normal in civilized society to tax the rich and help the poor. But it is not so in the community of nations. The so-called aid given to poor nations has made them permanent debt slaves of the rich. Are we going to go on with this beggar-thy-neighbor confrontational policy?

Japan and Asia must rethink human values. We should lead the way in devising new values and norms, where might is not right. By spreading the virtues of hard work and disci-

pline among the less developed, we can invest in order to enrich everyone in every country. . . .

Governments are not anachronistic. The idea that the market knows best, is promoted by those who dominate the market and want their financial strength to determine what is best for themselves. They do not want governments concerned over the social cost of their predatory activities to stand in the way. The free market is about maximizing profits. Nothing else matters. If the economy of countries has to be destroyed in order to make profits, so be it.

Only governments can fight these predatory commercial giants. Asia must put in place governments which can protect the weak and afford them a chance to survive and prosper. By coming together and standing up against unfettered predatory capitalism and the absolutely free market that it wants to impose on the world, by offering alternative systems and code of ethics, Asia, and in particular East Asia, with Japan playing a leading role, can prevent the headlong rush towards destruction which the current Western model will certainly lead us to.

Remember the destruction of the world’s economy and the millions of deaths that the Western socialist ideology had led to in the past. Let us not allow another of the West’s perfect systems to bring about the same catastrophes. Only Asia is in a position to offer alternatives, and Japan, together with East Asia, must proffer their solutions to the world’s financial and economic problems, and so ensure better relations between the nations of the world.

Japan and Asia must work together for a better world where economic battles to the death are replaced by friendship and understanding, mutual respect, and mutual gains. If we want to build mutual understanding between Asia and Japan, it must not be exclusively for our own good. It must also be for the purpose of showing to the rest of the world that mutual understanding is better than the imposition of foreign values and methods on people who are not ready for them. Prospering each other is far better than forcing down the throats of others, the perfect values and ideologies that you have conceived. Remember how in the end, you yourselves have in the past rejected those values and ideologies. And remember the cost that had to be paid. . . .

It is not good for Japan and Asia to become prosperous through mutual understanding, if it is not going to result in prosperity for the rest of the world. Just as Kansai’s prosperity will enrich Japan, so should Asia’s prosperity enrich the world.

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New Tactics in Blair's Election Project

by Alan Clayton

British Prime Minister Tony Blair's fervent wish, that the catalogue of catastrophes which overcame his government in the last months of 2000 will become a thing of the past before the approaching general election, has quickly become a vain wish, as a new financial scandal rocks his government at a time when the collapse of the railways infrastructure is still as far from resolution as ever. The media at the beginning of the New Year are again pouncing on an embattled Blair over a "Cash for Coronets" scandal, which, even without the running sore of the railways, has the potential to engulf his government.

Eleven people who have donated vast sums to Blair's New Labour Party have been given life peerages, including Lord Sainsbury, chairman of the Sainsbury supermarket chain, and the 70-year-old former *Guardian* newspaper chairman Robert Gavron, who bankrolled Blair to the tune of three-quarters of a million dollars, and is now Lord Gavron. The scandal involving Lord Hamlyn, whose initially secret donation to Blair of \$2.5 million was leaked in mid-January, has the potential to be the most damaging, as there is now widespread belief in pervasive corruption at the highest levels in the Blair government.

The Peerage System

The British peerage system is arguably the ultimate and archetypal model and example of oligarchical rule in the world. It is based on the upper house of the British parliamentary system, the House of Lords. In essence, the House of Lords is a pre-medieval leftover which has been adapted to meet the ever-changing and shifting patterns of oligarchical rule throughout the centuries.

Until the beginning of the 20th Century, the House of Lords was a straightforward and generally brutal representative of the aristocratic and landed classes. It was the House of Lords, for example, which assiduously blocked any attempt to alleviate the consequences of the potato famine in Ireland in the middle of the 19th Century, by blocking legislation to force the sale of corn in Ireland itself, rather than allow it to be exported at prices far more beneficial to the English landowning aristocracy in that country. However, the shift from landed wealth to financial wealth required adjustment of the oligarchical structures, and in 1911, the

government of David Lloyd George passed the Parliament Act, which substantially restricted the powers of the House of Lords.

However, in the nature of the British system, such a useful oligarchical structure could not be allowed to simply waste away, and in 1958 a new category of "Noble Lord" was created, and that was the life peer. The life peerage, which is open to leading figures in the financial and political institutions in particular, is still bestowed by the Queen, as in hereditary peerage, but it lasts only for the lifetime of the Noble Lord, and is not inherited by the eldest male heir, as in the hereditary peerage. The system has worked extremely well since then.

The fact that it is so little understood in world, and particularly U.S., political circles, is a positive asset rather than a disadvantage. When Yugoslavia collapsed, for example, the original British representative in the Balkans was the hereditary peer Lord Carrington. When Carrington had to withdraw because of ill health, the government of John Major replaced him with David Owen, a Member of Parliament who had lost his seat in the previous election. Owen was quickly given a life peerage by the Queen, and went to Croatia and Bosnia as Lord Owen, leaving many of the European and American delegates with the misguided belief that they were dealing with a member of an historic and prestigious British aristocratic family, rather than a failed parliamentarian.

There are countless examples of this sort of thing, none more currently obvious perhaps, than Baroness Thatcher touring the world, and the United States in particular, on "lecture tours," standing as abundant evidence of the continuing power of the British Empire.

Pre-Election Maneuvering

This shifting nature of oligarchical power over history is no better exemplified than in the changes to the House of Lords that have been pushed through by Prime Minister Blair's New Labour, changes which will almost entirely abolish the right of hereditary peers to vote in the House of Lords. These changes are being pushed through the legislative system by Baroness Jay of Paddington, daughter of former Labour Prime Minister James Callaghan, and will give whoever is the British Prime Minister quite enormous power and patronage. Blair is currently using the changes to the full, as there will be a general election around about May this year.

The British Parliament does not have a fixed term of office, but only a convention that the Queen will dissolve Parliament within a period of five years; but traditionally, whoever is in power asks the monarchy to dissolve the Parliament before five years, in order to make use of a manipulated impression of economic prosperity.

Blair has serious campaigning problems, of course, as this will be the first U.K. general election since the establish-

ment of a Scottish Parliament in 1999, and the increasing internal tensions within the United Kingdom are showing themselves more and more.

For example, proposals to have a U.S.-style televised face-to-face between Blair and Conservative Party leader William Hague, had to be shelved, as the Scottish National Party has said it will go to the Scottish courts, in an attempt to get this blacked out in Scotland, where the fight is between Labour and the SNP, and not between Labour and the Tories.

‘Corporate Manslaughter’ on the Rails

Possibly most critical for Blair, is the continuing chaos on the railways and the concomitant danger that the electorate will turn and politically savage him on this issue alone. He has already taken steps to flank this possibility, and that is represented by the very real possibility that top railway executives are going to go to jail. It emerged in the last few days, for example, that rail chiefs may face prosecution over the Hatfield train wreck of October 2000. Sources close to the Prime Minister have made clear that it is a “distinct possibility” that corporate manslaughter charges could be brought by British Transport Police, against senior executives of Railtrack and of Balfour Beatty, the company carrying out maintenance work at Hatfield.

The statement, which was released on Jan. 22, said that “British Transport Police are interviewing Railtrack and Balfour Beatty staff and findings will be presented to the Crown Prosecution Service. The investigation has not finished but there is a distinct possibility of prosecutions.”

The Hatfield crash, involving a London-Leeds express train run by East Coast mainline operator GNER, was caused by a broken rail, which Railtrack has acknowledged should have been replaced earlier.

The company said immediately after the derailment, that the state of the track at Hatfield was “wholly unacceptable.” Previous attempts to gain convictions in prosecution of public transport accidents have failed, however, most notably in the case of the 1997 Southall rail crash which claimed seven lives, but the passenger train company involved in the Southall accident, Great Western, was fined \$2 million after admitting offenses under the Health and Safety at Work Act. The government refused to comment on suggestions that a lengthy public inquiry, possibly lasting two years or more, had been avoided, as it would delay possible criminal proceedings against Railtrack or Balfour Beatty.

Legislative proceedings are already under way to reform the law on corporate manslaughter, in order that railway executives, if not actually in jail, will be well on their way before the general election, and the Great British voter will be well aware that whoever is responsible for the continuing chaos on the railways, it is not Tony Blair. It will be well worth watching *EIR*’s updates on the unfolding drama of the British general election, in the weeks to come.

Economic Cooperation Outflanks Political Differences in Mideast

by Hussein Al-Nadeem

Political and economic relations among Arab states, and with Iran, have been going through a transformation recently, in anticipation of a war threat from the Israeli government expected to come to power after the Feb. 6 elections. Part of this process is also changing the geometry of the strategic relations among former enemies and new friends, shaping a new reality for whatever the U.S. Administration is intending to bring to the region.

Israeli officials, commentators, and mass media have been warning about a coming “regional war,” involving not only Israel and the Palestinians, but also Syria, Iraq, and Iran. The reaction from the Arab world generally has been that the Israelis are just “crying wolf.” However, Syria, for example, has put its Armed Forces on alert because of the repeated Israeli warnings. The nervousness in Israel, and also among Anglo-American establishment circles, is exacerbated by the fact that countries such as Iran and Iraq are making diplomatic moves in an attempt to break out of the Anglo-American “double-containment” policy, and to re-integrate themselves into the political-economic structure of the region. More emphatically, Iraq and Iran’s moves have been concentrated on Egypt, Jordan, Syria, Lebanon, Morocco, and Saudi Arabia. These countries, in different ways, were until recently, either members of the U.S.-British alliance in the Persian Gulf War against Iraq, or peace partners with, or sharing unstable borders with, Israel.

January witnessed a number of meetings involving the highest levels of leadership of these countries. Some of these meetings explicitly discussed the perspective for the coming U.S. policy toward the Middle East, which was taken up in meetings between Egyptian President Hosni Mubarak and Syrian President Bashar al-Assad, and Mubarak and Palestinian Authority President Yasser Arafat. These meetings are shaping a new reality in the region, with former enemies cooperating for economic development: The Lebanese Prime Minister visited Iran, during which visit Iranian leaders pledged to contribute to the economic reconstruction of southern Lebanon; Iraqi Vice President Taha Yassin Ramadan visited Egypt; Syria’s Bashar al-Assad visited Iran; and Morocco’s Prime Minister Abdelrahmane All-Youssoufi visited Iran, the first such high-level visit since the 1979 Islamic Revolution. Jordan’s King Abdullah is also scheduled to visit Iran, also

the first such visit since 1979.

Iraqi Vice President Ramadhan's visit to Cairo came on the anniversary of the outbreak of the Gulf War, in which Egypt joined the allies against Iraq. The late Jordanian King Hussein was an ally of Iraq against Iran in their 1980-88 war. Saudi Arabia, the United States' major ally in the Gulf, recently signed a joint security agreement with Iran, and the two established a joint economic commission. Iraq and Saudi Arabia reopened a major border-control point, and signed contracts allowing Saudi and Iraqi businessmen to trade across the border as part of the "oil-for-food" program.

This diplomacy has been paralleled by an active Russian and Chinese presence in the region. The Russian Foreign Minister recently toured the Middle East, and the Russian Defense Minister paid a highly publicized visit to Iran. The Iranian President is scheduled to visit Moscow in March.

Peace Through Development and Trade

This diplomacy yielded a number of economic cooperation and trade agreements. In Cairo, a free-trade agreement was signed on Jan. 16 by Iraqi Vice President Ramadan and Egyptian Prime Minister Atef Ebeid. Under the agreement, Baghdad will lift all customs duties on Egyptian goods entering the country, and Egypt is expected to become Iraq's biggest trade partner, with almost \$3 billion in exchange. The agreement will also open the way for strengthening Egyptian-Iraqi economic cooperation, especially in the oil, agriculture, and transport sectors, according to Cairo Radio.

Iraqi officials told reporters that their discussions tackled possibilities for Arab reconciliation. Ramadan said that Baghdad had reestablished relations with all Arab countries except for Kuwait and Saudi Arabia.

Shortly after his talks with Ramadan, Mubarak also met with Kuwaiti Parliament Speaker Jassem Al-Kharafi. (Al-Kharafi denied that his visit had anything to do with Ramadan's presence in Cairo.) The Iraqi government later announced that an agreement similar to that with Egypt is to be signed with Syria soon.

Emphasizing the importance of mutual cooperation, the Egyptian government said that it is moving to establish an Arab economic axis. Minister of Information Safwat Al-Sherif said that Egypt moves in accordance with the resolutions of the (October 2000) Arab Summit and the Arab League. Commenting on current Egyptian-Iraqi talks in Cairo, Al-Sherif said that Egypt, under the leadership of Mubarak, strongly believes in the importance of Arab solidarity, and in building Arab attitudes on sound foundations, to face the challenges encountered by the Arab nation.

Al-Sherif pointed out that President Mubarak has consistently called for the establishment of an Arab Common Market. He stressed that Egypt acts on the basis that every step toward economic cooperation represents a link in the Arab market and, consequently, a step which expresses the aspirations of Arab peoples in the face of big international chal-

lenges. Al-Sherif expressed confidence that economic rapprochement with Iraq will form an important element in Arab relations necessary to face these challenges.

The importance of the establishment of an Arab economic bloc in the context of the Eurasian Land-Bridge, or "the New Silk Road" strategy, as a step toward the establishment of a new, just international financial order, has been emphasized by American economist Lyndon LaRouche, in interviews and discussions with Arabs. LaRouche has also emphasized that the way to peace and reconciliation should be through economic development.

An interesting such development is emerging around the Jordanian-Iranian normalization of relations. In preparation for King Abdullah II of Jordan's visit to Iran in March, Iranian Speaker of Parliament Mahdi Karroubi and Iran's Trade Minister visited Jordan in mid-January. Their discussions with Jordanian officials revolved not only around normalization of political relations, but mainly around trade and economic cooperation. The two sides are currently discussing Iran's role in a \$600 million water project, designed to annually draw 100 million cubic meters of water from the Disi aquifer in southern Jordan up to Amman and nearby areas. This project, which *EIR* had earlier identified as one of the many vital water projects needed for a viable Mideast peace, is being seriously considered, and a Jordanian technical team is expected to travel to Tehran in late January to explore Iranian partial funding of the project. According to an Iranian proposal, Tehran would supply Jordan with pipes needed for the project in return for potash and phosphate, Jordan's leading mineral exports. Libya has promised to provide a major part of the financing.

In similar developments, Kuwait has pledged a \$600 million loan for water and infrastructure projects for Lebanon, including for diversion and transport of water from the Litani River.

In general, a large number of infrastructure and transport projects have been moved from the drawing board to the feasibility study or implementation phase. These include completion of the integrated electricity network among Egypt, Jordan, Iraq, Syria, Lebanon, and Turkey; rebuilding rail lines among the same group of nations and Iran; reopening oil pipelines, such as the Iraq-Syria pipeline, and the planning of a new Iraq-Jordan pipeline.

All these, and many other projects, are the only viable basis for lasting peace in the region. Lifting the Iraqi sanctions and reintegrating Iraq and Iran into the Middle East economic structure are not only important, but also key to a stable future. Political differences can be solved gradually when the interests of the nations are served in an equal and just manner. One of the main reasons for the failure of the peace process has been the old mantra, "First we solve our political differences, and then we will think about the economy," which one hears so often from officials from both sides. Today, the issue is still the same; however, reality has changed dramatically.

Australia Aligns Itself with Bush

The Bush crowd is recruiting Australia to participate in a confrontation with China.

The countdown is on. In confirmation hearings before the U.S. Senate during Jan. 12 and 18, cabinet nominees of U.S. President George W. Bush repeatedly raised the specter of a U.S. war with China. Both Secretary of State Gen. Sir Colin Powell and Secretary of Defense Donald Rumsfeld, hit out at China as a “strategic competitor”; their stance was so alarming, that outgoing Assistant Secretary of State Stanley Roth warned, “There is growing suspicion in China about the intentions of the U.S.” In the context of their anti-China posturing, Powell and Rumsfeld ominously foreshadowed a special role for their closest regional ally—Australia.

In reply to a question from Sen. John Warner (R-Va.) about “our valued ally Australia,” Rumsfeld linked Australia to Bush’s China strategy: “As you look at what’s happening in that part of the globe and periodic difficulties the People’s Republic of China has had with its neighbors—whether it’s the Spratley Islands, or difficulties with India, or Russia, difficulties with Vietnam—there’s no question but that Australia is a truly important nation,” he said.

On Jan. 18, Powell echoed Rumsfeld, in remarks to the Senate Foreign Relations Committee, on Australia’s role in helping to contain “a new and dynamic China.” Powell said that he sees Australia’s role as a continuation of its leading involvement in smashing Indonesia. “In the Pacific, we are very pleased that Australia, our firm ally, has played a keen interest in what’s been happening in Indonesia,” he said. “And so we will

coordinate our policies, but let our ally, Australia, take the lead, as they have done so well in that troubled country.”

On Jan. 8, Lyndon LaRouche exposed the true agenda of the Bush White House, and its allies in Australia, in a paper entitled “Why Kissinger’s Cronies Have Pulled Their China Ploy Now!” LaRouche wrote, “During a period in which the U.S.A.’s friends in Europe and Asia are tending to seek an alternative to a U.S.-led financial and economic collapse in Eurasian cooperation, how shall the Anglo-American Five keep themselves together, and their former allies and satrapies in line? Crisis-management.”

The “Anglo-American Five” include the currently Wall-Street-dominated United States, Britain, and Britain’s leading colonies, Canada, New Zealand, and Australia. The five would “use covert methods to create the ‘who me?’ crises, to which they will then respond vengefully, to keep the world off-balance. . . . These were the methods followed by Hitler,” LaRouche said.

Australia is no stranger to the use of covert methods to provoke a crisis. An example is Australian Prime Minister John Howard’s triggering of the 1999 East Timor crisis, when he pressured a vulnerable Indonesian President, B.J. Habibie, to hold elections. That resulted in the predictable bloodshed and Australian intervention—an intervention which Australia had prepared for, for months, including by clandestinely sending crack Special Air Services personnel into Indonesia months before the election. Howard

applied a similar method to help provoke last year’s crises in Fiji and the Solomon Islands, which he then used to impose the Biketawa Declaration on the Pacific nations, self-appointing Australia and New Zealand to enforce regional “democracy.”

Such manufactured crises were used to push through a dramatic expansion of Australia’s military budget. Then, in August, Howard rammed through a bill to allow the newly expanded Australian Defense Force to be called out to put down *domestic* unrest, and which authorizes soldiers to use lethal force against Australian citizens—i.e., they may “shoot to kill.”

The ostensible excuse for this measure, was the rise of a classic provocateur movement, the “anti-globalist” S-11, which staged bloody riots in Melbourne in September against a meeting of the World Economic Forum. S-11 was spawned by the International Socialist Organization, a well-known front for British Intelligence. Under the bill, the official empowered to call out the troops is the Queen’s representative in Australia, the Governor-General.

The Howard government is enthusiastic about Bush, much more so than it was about Clinton. Anti-China fanatics in both countries kept their cause alive during the Clinton years, through the Australian American Leadership Dialogue, founded by the Australian CEO of Bonlac Foods, Phil Scanlan. Raving anti-China agitator Richard Armitage, a former Defense official in the earlier Bush Administration, is a Dialogue member, as are two of Bush’s current appointments, Trade Representative Robert Zoellick and Economic Adviser Larry Lindsey. “This will be the best-informed Administration on Australian thinking and national interests [sic],” Scanlan gushed to the Jan. 19 *Australian Financial Review*.

STORM OVER ASIA

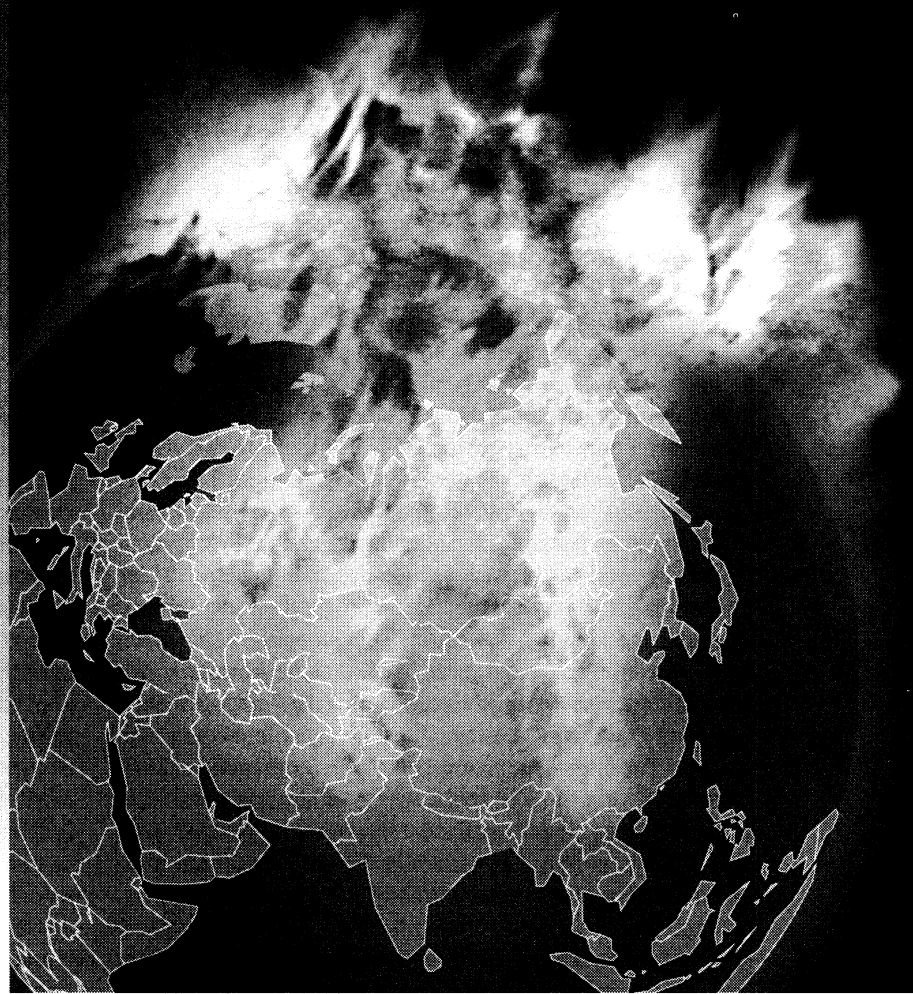
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Stopping Ashcroft Is Key to Sane U.S. Economic Policy

by Edward Spannaus

The mobilization led by the LaRouche movement to stop the confirmation of former U.S. Senator John Ashcroft as Attorney General of the United States is bearing fruit, as the U.S. Senate has been forced to postpone its scheduled confirmation vote twice, while momentum is clearly building against his confirmation.

But only Lyndon LaRouche has made the most crucial argument against the nomination: That stopping Ashcroft is key to preventing the emergence of a brutal dictatorial regime in the United States, using the pretext of “crisis-management” methods to deal with the onrushing financial and economic collapse. The choice facing the Bush Administration, and the nation, will very quickly boil down to either using Franklin Roosevelt-style dirigist methods to protect the general welfare, or moving into a bureaucratic fascism reminiscent of the Nazi regime in Germany after 1933. There will be no middle way.

The issue is most obvious in the case of the intensifying California energy crisis. Without a solution, the California crisis can very quickly cascade throughout the United States and global financial system. And there can no solution without an immediate re-regulation of energy — both on the state and national level. But this is precisely the sort of measure which Ashcroft could be expected to block, were he in a position to do so as U.S. Attorney General.

As a rough parallel, recall the role that the reactionary U.S. Supreme Court played in blocking many of Franklin Roosevelt’s emergency economic measures during his first term in office, relenting only after FDR took his case against the obstructionist court directly to the people in early 1937.

The combination of Ashcroft as Attorney General, and the Scalia-Rehnquist domination of the U.S. Supreme Court, would guarantee that the United States would move in a fas-

cist, not FDR, direction, under conditions of economic crisis and panic.

Bush Tries To Ram Nomination Through

Realizing the intensity of the crisis, the incoming Bush team had hoped to ram through Ashcroft’s confirmation vote on the afternoon of the Presidential inauguration, Jan. 20; seven other nominees were approved in an special session of the U.S. Senate shortly after George W. Bush took the oath of office. But the previous day, the Senate Judiciary Committee had been compelled to delay the scheduled vote on the Senate floor until Wednesday, Jan. 24. Then on Tuesday, Jan. 23, Sen. Patrick Leahy (D-Vt.), the ranking member on the Judiciary Committee, requested a week’s delay in the vote, so that Ashcroft could answer hundreds of written questions submitted to him by Judiciary Committee members.

At a session of the Committee the next day, Leahy expressed what is becoming a common sentiment, saying that Ashcroft’s “two days of testimony so contradicted his past 35 years of positions, I just want to know which is which.”

The Democratic leader of the Senate, Tom Daschle of South Dakota, continues to declare his open opposition to a filibuster to stop Ashcroft’s confirmation — despite the fact that the filibuster tactic was repeatedly used by Ashcroft and other right-wing Republicans to block many of President Clinton’s nominees. However, in a press conference on Jan. 25, Daschle acknowledged that he might not be able to prevent a filibuster, if one were undertaken by Sen. Edward Kennedy (D-Mass.) or other Democrats. Although it would take 51 votes to defeat the Ashcroft confirmation in a straight up-and-down vote, under the rules of the Senate, only 41 votes are needed to defeat a nomination through the tactic of extended debate, known as filibuster. Daschle himself has come under



A banner at a demonstration by supporters of Lyndon LaRouche makes the key point: A filibuster is needed to stop John Ashcroft's nomination to Attorney General.

heavy political pressure from LaRouche activists and other opponents of Ashcroft in South Dakota.

As of this writing, only between nine and sixteen Senators have indicated outright that they will vote against Ashcroft's confirmation, although many sources, put the actual number of Senators opposing Ashcroft at around 40. Thus, it is clear that the basis exists in the Senate to block Ashcroft's confirmation, if a group of Democrats exerts decisive leadership on the issue.

Growing Momentum against Ashcroft

A broad array of organizations have jumped into the fight against Ashcroft—including civil rights and labor groups, and many "single-issue" organizations concerned with women's issues, abortion, gun control, and other issues. Many of these organizations have mobilized opposition to Ashcroft, with telephone calls and petitions to Senators, and many have made compelling arguments concerning Ashcroft's prior record in Missouri, and in the U.S. Senate, and on his clearly false testimony given during his confirmation hearings.

During the week of Jan. 21, the focus of news media coverage of the opposition to Ashcroft began to shift, from questions of his policies and record per se, to the realization that Ashcroft had lied repeatedly and flagrantly, during his testimony in the confirmation hearings. Areas in which Ashcroft's false testimony under oath have been highlighted include those of his statements about his opposition to racial desegregation of schools in St. Louis, his scuttling of the 1998 nomination of Missouri Supreme Court Justice Ronnie White

for a Federal judgeship, and his reasons for opposing the Ambassadorial appointment of an open homosexual, James Hormel. The liberal advocacy group People for the American Way is reportedly planning to spend hundreds of thousands of dollars on newspaper ads that ask: "Should a man who misrepresents the facts under oath be our Attorney General?"

Directly to the point, were a number of major newspaper editorials which opposed Ashcroft on the grounds that his record and his testimony show that he will not use his office to protect the constitutional and civil rights of citizens who need and deserve such protection.

City Council Resolutions

Reflecting the mobilization catalyzed by the LaRouche movement, at least three major city councils have adopted resolutions opposing Ashcroft. These are:

- Cleveland, Ohio City Council, which passed a resolution on Jan. 22 stating that the Council "strongly urges the Democratic members of the United States Senate to oppose the confirmation" of Ashcroft.
- Baltimore, Maryland City Council, which passed a resolution on Jan. 22 declaring Ashcroft "unfit to serve" as U.S. Attorney General, and describing him as "the darling of the far right."
- Camden, New Jersey City Council, which passed a resolution on Jan. 25 calling for a filibuster in the U.S. Senate to stop the Ashcroft nomination, emphasizing Ashcroft's opposition to civil rights, and his calls for draconian law-enforcement measures.

How Ashcroft Engaged in Character Assassination: The Henry Foster Case

On Feb. 2, 1995, President Clinton nominated Dr. Henry W. Foster to serve as Surgeon General. Foster was considered by most to be superbly qualified for the post. A board-certified specialist in obstetrics and gynecology for about 40 years, Foster had dedicated his career to improving the health status of women and to ensuring that they had access to quality health care.

At the time of his nomination, he was perhaps best known for his efforts to curb teenage pregnancy. Every day, almost 2,800 American teenagers, the vast majority of them girls from lower-income families with no access to health care, become pregnant. Foster's "I Have a Future" program at the Meharry School of Medicine in Nashville, Tennessee, gained national recognition by taking at-risk youths living in public housing, and teaching them to say "no" to sex and pregnancy, and "yes" to education and self-reliance. From 1988 to 1991, only one of the program's participants became pregnant, and more than two-thirds of the girls who graduated from high school went on to college. His staunch advocacy of abstinence-based sex education, teen pregnancy prevention, and youth drug treatment programs earned him one of President George Bush's "Thousands Points of Light" awards. When President Clinton nominated him to be Surgeon General, he said he wanted Dr. Foster to repeat this ongoing success story on a national scale.

The religious right had a different idea. Pat Robertson, the Christian Coalition, Concerned Women of America, and other right-wing groups vowed to use the Foster nomination to gain revenge for the exclusion of the abortion issue from House Speaker Newt Gingrich's (R-Ga.) Contract With America. They waged a relentless campaign of character assassination from the day he was nominated, charging him with being a "ghoul" who had performed more than 700 abortions—a patent lie.

Despite the aggressive campaign of lies, the Labor and Human Resources Committee of the U.S. Senate recommended Dr. Foster for confirmation. A bipartisan groups of 57 Senators, among them Sen. Bill Frist (R-Tenn.), the Senate's only physician, were prepared to vote for his confirmation. Polls showed that the American people also supported his confirmation. Although Foster's nomination had more than sufficient support, the confirmation was prevented from ever coming to a vote. A filibuster was launched by Sen. Phil Gramm (R-Tex.), and enthusiastically supported by Sen. John

Ashcroft (R-Mo.). In fact, Ashcroft was so pleased with the sabotage of the Foster nomination, he later sent a letter to his supporters claiming that he had single-handedly waged the filibuster that stopped Foster from being confirmed.

Ironically, it is the very same group that wielded the filibuster weapon repeatedly, without regard for the truth, to deprive Clinton Administration appointees from being confirmed, that today denounces the threatened Democratic filibuster to stop Ashcroft's confirmation as Attorney General, as unprincipled abuse of congressional power.

Dr. Foster was interviewed by Debra Hanania-Freeman on Jan. 24.

Interview: Dr. Henry Foster

EIR: I'm honored to have on the phone with me right now, Dr. Henry Foster. Dr. Foster has a long and distinguished career in the medical field and, in particular, in the field of public health. He served as an adviser to President Clinton and, in 1995, he was nominated by President Clinton to serve as U.S. Surgeon General. During the course of what should have been a fairly routine confirmation process, Dr. Foster ran into some very strong opposition that soon became a heated national debate. Dr. Foster, good morning, and thank you for joining me.

Dr. Foster: Good morning, Debra. It's a pleasure.

EIR: First, for our readers, a little bit of your background: you're a medical doctor, you're a trained ob-gyn specialist, and I understand that you have been in practice for about 38 years?

Dr. Foster: Something like that—I stopped counting. Very briefly, educationally, I obtained my undergraduate degree from Morehouse College in Atlanta, and it was kind of unique—I got my MD degree from the University of Arkansas. I went there in 1954, as—I was the only black student in my class, it was a class of 96 students in a Southern medical school. But, that was quite an experience. And then I went on to do residency training, and I went into academic medicine. I chaired the Department of Obstetrics and Gynecology at Meharry Medical College for 17 years, and I became academic dean. I served as interim president for a year. I took a

sabbatical in 1994, and was in Washington, really minding my own business, when President Clinton asked me to serve as Surgeon General.

EIR: My professional training is in the field of public health, and particularly, health questions as they apply to American children and youth. You can correct me if I'm wrong, but, I seem to recall your position as one of a rather staunch advocate of abstinence-based sex education. And I am familiar with some of your work on teen pregnancy prevention. I'm wondering if you could tell our readers a little bit about some of the work that you did, particularly your "I Have a Future" program.

Dr. Foster: First of all, let me say something: The "I Have a Future" program, is a program that we created. I conceptualized it here in Nashville in 1987, and it went on to win one of President Bush's "Thousand Points of Light" awards. It's really designed to build self-esteem. I recognized early on that teen pregnancy doesn't occur in a vacuum; it's interdependent with a lot of other risk-taking behaviors. As a consequence, we developed a holistic program that addresses issues not only just of pregnancy, but abstinence, which we feel is the foundation for adolescence. It was always our position that being sexually active as a non-married teenager was not the norm. However, for whatever reasons, if adolescents choose not to abstain, we have an obligation, both medically and morally, to protect their health, and indeed their lives, with the specter of HIV/AIDS. So, as a consequence, that is the centerpiece. But, beyond that, we have to offer a holistic approach.

There is a difference between, I think, 13-year-olds and 19-year-olds, both of which are teenagers, but I'm not quite sure what the difference is. But, at any rate, that has to be done.

I should say, what really led me into developing this program: I was a director of a five-year program for the Robert Wood Johnson Foundation—it was their program to consolidate health services for high-risk young people. It spent \$12 million, funded 20 projects in 18 cities, from Connecticut to California, and coming from some of these programs were school-based teen clinics. The whole idea was to reduce the hop-scotching, if you will, that adolescents had to do to get the comprehensive services; we were trying to put them, as much as we could, in a single center. And it was from this experience that led to me to develop the "I Have a Future" program, which continues in one of the schools here in Nashville, where we have 200 active participants.

EIR: So, what the programs that you've been involved in, really go to, not only the question of reducing teen pregnancy, but we're also talking about providing comprehensive access to health care for young people.

Dr. Foster: And social issues. You see, we have modules that these youth participate in, and four of these modules hold U.S. copyrights. And you can see their direct relationship to

giving kids self-esteem. The longest and most comprehensive module is on family life-sexuality education. It's a 15-week program that the kids participate in. But the other three copyrighted modules are: violence and conflict resolution; a third one is pre-employment job readiness; and a fourth is drug and alcohol abuse. These kids learn all about these things.

We also involve the families. We've had parenting programs. We've had parents—mothers and fathers—involved in the community activities. We have rites of passage: This is an opportunity for all of the family to come and participate in the accomplishments of these youth. Over 200 of these kids have gone on to college, which far exceeds anything that would have occurred.

During my confirmation hearings, one of the Senators, after I listed some of these accomplishments (I guess showing some of his knowledge about epidemiology), pointed to the fact of self-starters, saying that these people were achievers who probably would have progressed anyway; you know, selectivity—you understand what I'm talking about—

EIR: Yes, I do—

Dr. Foster: —the selection process. And, of course, I had to agree with the good Senator, and tell him he was correct. But the thing that he had to appreciate was, if the "I Have a Future" program had not been in that inner-city housing project, these youth would have had nothing from which to self-select, and that is very important.

EIR: Shortly after you were nominated, your nomination became the center of one of the most incredible controversies I have ever seen in Washington. I recall watching the process. And I recall the Christian Coalition calling you "Dr. Abortion," saying that you were the Kevorkian of women's medicine. Dr. Foster, has your practice been, at any time, principally devoted to performing abortions? Is that your principal field of interest?

Dr. Foster: Of course not. After we went through all of this acrimonious process, it probably turned out, that I had probably, in the course of 30 years, I had probably had done, myself, maybe 30 or so abortions. But it has always been my position that this is a very personal choice, and this is one that should not be made by government or anyone else. No. No obstetrician likes to see abortion, because it represents failure. But, in our society, we always must be concerned about equity. These are choices. I'm old enough to know what the situation was like before *Roe v. Wade*, the thousands of women who died. But the real irony is, that even when restrictive abortion laws exist, it's fundamentally the poor and the unsophisticated who are punished. People with means will always have access to safe, clean abortions, irrespective of the laws. And, in the kind of nation that we live in, equity of access is fundamental to me.

My career was not around abortion. Obviously, the opposition wanted to paint me as some sort of pariah, but everyone

who knew me, when I finished medical training, my residency, I went to the poorest part of America: rural southeast Alabama. This antedated Medicare, Medicaid; there were no social programs. I took care of thousands of women, who had no resources at all. And I was glad to do it. That's why I had gone into medicine. I spent eight years there. There were 17,000 babies born while I was head of the obstetrics service at the John Andrew Hospital at Tuskegee University. I was the only obstetrician in that part of the county—a seven-county area. I had a wonderful cadre of nurse-midwives. I personally delivered about 7,000 of those babies. Now, I left there, and went to Meharry Medical College in Nashville, Tennessee, which is a historically black medical school, where I stayed until I was nominated for U.S. Surgeon General. One does not go to southeastern rural Alabama, or to a historically black medical school, to make money. You go there to serve. And that's just what I had done with my life.

But, you know, the opposition did not care about that. It was character assassination. They had a point they wanted to make, and they would create issues. They even tried to make me somehow responsible for the infamous Tuskegee syphilis study. I'm not a young man, but that study was started before I was ever born!

EIR: I do, absolutely, recall them charging you with having been involved in the Tuskegee study. I also recall accusations that you were one of the pioneers of sterilizing mentally disabled women without their knowledge.

Dr. Foster: It was awful. That was designed, again, just to assassinate my character. One of the nation's leading medical educators, and historians, Dr. Caplan, you may be familiar with Arthur Caplan?

EIR: Yes.

Dr. Foster: He said that, not only was this not true—there was a scientific study that I reported in one of the top journals in this country, the *Journal of Obstetrics and Gynecology*—but he said that that was an enlightened approach. The article was designed to make physicians more circumspect prior to doing hysterectomy, but, of course, that was not the issue involved at all.

EIR: We do have physicians who run abortion clinics, and dedicate themselves to that area of work, but in your case, the particular charges, regardless of what somebody's view might be, for or against, they simply were not accurate, is what we're saying here?

Dr. Foster: It was an attempt to assassinate my character. It was the same sort of thing that occurred, unfortunately, with [Missouri Supreme Court Justice] Ronnie White for the Federal judge position. I mean, this man's character was destroyed, and, you know, these are political opportunists. I understand the political process. It's very ugly. Whatever is

expedient seems to be the only imperative that drives these folks. And, you know, the whole issue is come up about Senator Ashcroft: Is he a racist? I don't think he's a racist. I think he's a political opportunist. I don't know—this racist thing is just such a catch-all. This is a man—I think he would have done the same thing irrespective of the race of the person, if it would foster or further their political career.

Let me give a little bit of the background. It's important for your readers or listeners to know that my nomination for U.S. Surgeon General came out of the Labor and Human Resources Committee with a favorable recommendation for confirmation. I received all of the Democratic votes and two Republican votes. I received the votes of confirmation of Senator Frist from Tennessee—

EIR: Who is a physician.

Dr. Foster: Yes. And James Jeffords from Vermont, those two are Republicans. You know, Clarence Thomas didn't get a favorable recommendation out of committee. And of course, you understand this very well. What was done to me was, I needed 51 votes for confirmation. I had 57 votes, solid. But, they used the filibuster. Cloture took 60 votes. And the Administration was not able to muster 60 votes to override the filibuster.

So, you understand, my nomination, in fact, was not really rejected. It was really not allowed an up-or-down floor vote.

EIR: Well, I understand that obviously, in any floor vote, you would have been confirmed. It also was the case, at the time, in polls that were taken, that 41% of the American people favored your confirmation; 27% did not, and I guess the rest just weren't aware of what was going on, which is not a surprise. But again, the utilization of the filibuster in this case did, in fact, block confirmation.

The reason why I think that this is so important, is one of the things that is being said now, in a confirmation process that has a lot more legitimate controversy in it, regarding Senator Ashcroft. We're dealing with somebody who, the performance of his duty really does rely on his ability to—

Dr. Foster: —be objective.

EIR: Exactly! And he insists that he can be objective.

Dr. Foster: Sure, it's easy to say.

EIR: Despite the fact that he has behaved as something of a zealot for the religious right.

Dr. Foster: Anybody who believes that he can put aside his ideology, or that he would *want* to, well, I've got a great piece of real estate, and I've got a bridge in Brooklyn that's—

EIR: I don't want to put you in a position to render an opinion on something that you don't feel qualified to, but, given your own experience, not only with Senator Ashcroft, but with this general mood, that clearly was designed to cater to a very

specific outlook in the United States: Can we depend, in your opinion, on somebody who essentially has operated that way repeatedly in the past, to be objective when it comes to questions regarding the execution of justice? This is something that bothers me.

Dr. Foster: It bothers me, too. I don't think so, given the man's record. Again, I do not believe that this is the person for that position.

EIR: Sen. Phil Gramm was really the person who led the filibuster. Did he ever sit down and talk with you privately?

Dr. Foster: No. He never did. I can't remember for sure whether or not—I know initially, we tried to meet with Senator [Robert] Dole [R-Kan.], and initially, he refused. But near the end, when the cloture vote was an issue, I think his advisers probably said to him, that it would be ill-advised for him to reject me forthwith, without ever having met with me. So I met with Senator Dole, but I never met with Phil Gramm.

EIR: Recently, I have been told that what occurred with Judge White was not representative of a pattern of behavior on Ashcroft's part; that it was a very particular instance where he had his objections on a very particular case. But, in fact, it's sounding to me like what happened to you, and what happened to Judge White are not all that dissimilar.

Dr. Foster: No, they're not. Not at all. They aren't. Senator Ashcroft was not on the Labor and Human Resources Committee, nor was Phil Gramm, but they were certainly outspoken opponents to my nomination, clearly. And, of course, they were parties to making a record about me, or creating things that really weren't true. But most knew that, but to the folk who opposed me, it did not matter. The facts were not important, to foster their position. So, you know, I understood that.

EIR: When the Ashcroft nomination first came up, I wrote an article, and one of the things that I said in the article, was that Ashcroft was the leader of the filibuster against you. Now, the reason why I said it, was that I had in front of me, an e-mail that he had sent out to all of his supporters, in which he claimed that he had virtually, single-handedly stopped your confirmation! Now, in fact, it actually was Phil Gramm who was the initiator of the filibuster.

Dr. Foster: Absolutely. It was Phil Gramm. And overall, there was a Presidential campaign looming, and various people were trying to attract the ultra-right, conservative vote. That's what that was all about.

EIR: Yes, it was on the eve of a Presidential campaign, where, of course, Senator Dole, who normally would paint himself as a moderate, also had reason to cater to the religious right.

Dr. Foster: Well, you know, sometimes, the only thing that's left, and of course, I'm sure people understand that, is whether

or not a nomination should be filibustered, and if it could, are there enough votes to sustain it. That's the issue. Will it occur, and are there enough votes?

EIR: One of the issues that has been raised on the question of filibuster, is that the Cabinet serves at the pleasure of the President, and that—

Dr. Foster: Yes, but above all, for the cause of the people.

EIR: Yes, of course. And as you know, I submitted extensive testimony on behalf of Lyndon LaRouche to the Judiciary Committee, vigorously opposing Ashcroft's confirmation. It is no secret that I have actively lobbied particularly Democratic members of the Senate to engage in filibuster, because I think that this issue is that important. The response that has come, from Trent Lott, is that, this would be just a complete outrage, unprincipled, and against the basic spirit of the Constitution. But, in fact, the very people who are denouncing this as a completely unprincipled practice—

Dr. Foster: They didn't—wasn't unprincipled when it came down—

EIR: —when it came down to someone they disagreed with, when they wanted to use it as a tactic. Then, it was “March on, Christian Soldiers.”

I'd like you to describe for our readers, what the Surgeon General does, what the post is for.

Dr. Foster: Three things come to mind. First, the Surgeon General is considered the nation's doctor, and basically in that position, he or she serves as advocate, and adviser, and educator, on health issues. It's a bully pulpit.

Now, in addition to that, he or she also serves as head of the Public Health Service Corps, all of the people in public health. There are about 7,000, as I recall.

Then, thirdly, in the position that Dr. Satcher now holds—and I don't know if this will change—he also served as Assistant Secretary for Health and Human Services. That arrangement had not existed, I think, since the 1970s, when Junius Richmond was Surgeon General. Those positions had been separated. When I was asked to serve as Surgeon General, the Assistant Secretary was Bill Lee, who is now at the University of California San Francisco. Well, those two positions were combined. And the reason I give this quick background, the Surgeon General position as it is now configured, is also the number-two person to the Secretary for Health and Human Services. Now, whether this will be separated again or not, I do not know, with the change in Administration.

EIR: It's very hard to say. I wanted you to describe this, though, because I think that, even through just a cursory discussion like this one, there really could be very little doubt in anybody's mind, that you were a superbly qualified nominee. And I know for a fact, that some of the programs that you initiated not only were good for the young people who were

involved in them, but, if anything, they reduced the need for abortion.

Dr. Foster: Absolutely.

EIR: Which I think ultimately is, as health professionals, what we always want to do. I think it's important to stress, since there was so much disinformation put out.

Dr. Foster: You know, I think Congressman Barney Frank [D-Mass.] has the best understanding of that mind-set. He says, unfortunately, many of those who oppose choice, who call themselves "right to lifers," really believe—and, I know you've heard this—that life begins at conception, and ends at birth. And I think that a lot of people feel this. But again, there's an irony here. You're a very astute and intelligent person, and a lot of this is just about control. The same people also tend to oppose responsible gun control, and support capital punishment.

EIR: Yes, they do.

Dr. Foster: It's a real dichotomy. And I think it relates around control. I don't want to get philosophic, and pedantic here, but you know, it's kind of like racism. Racism ultimately is not about pigmentation or color; it's just like sexism, feminism, tribalism. It's about power, and control. During slavery, black women breastfed white babies, and nobody minded. So, it isn't about race, it's about control and power, and we have to understand this.

And the best way to negate this—we have the tools in this country to do it. We have to blame ourselves, a lot of us. The democratic process is a wonderful process, but it has to be utilized. We don't do a very good job. We don't do well enough. When only half of us vote, it doesn't resonate and translate into action. And those who hold the real rigid positions of voting from my figures, from what I've read, about 78%, makes a real big difference. And until we utilize this tool, we have to quit complaining.

EIR: Yes, that's true, I couldn't agree with you more. But I think, also, that when we are talking about the wielding of power, and people who might do it in an unprincipled way, for their own ends, there probably is no position in the United States that is more sensitive than that of the Attorney General.

Dr. Foster: It's very, very, very, very sensitive.

EIR: I know that, in observing the back and forth that went on when Judge White appeared before the Senate Committee—because I really wanted to understand, the way Mr. Ashcroft's mind worked—I wanted to understand how it was that he would qualify his charges that Judge White was "pro-criminal." And I was somewhat disappointed that no member of the Committee took up the issue. Because what I was hearing, when I listened to the back and forth that went on, was that Ashcroft's principal complaint with Judge White, was that in a case where it did seem apparent that a terrible crime,

a really heinous crime, had been committed, that Judge White managed to rise above what I'm sure were his personal emotions in the case, to guarantee that the accused, who was not a charming fellow, had his full Constitutional rights observed. Because that's what our Constitution guarantees.

Ashcroft's position was, that the guy was such a bad guy, that he didn't deserve recognition of those rights.

Dr. Foster: A terrible travesty.

EIR: Well, it's really what it's all about. And I was very disappointed to see that no member of the Committee took up that line of questioning, but I think that your remarks regarding the responsibility that we have as citizens, really is the key to it, and I think that what ultimately happens with Mr. Ashcroft's nomination, is going to be determined by what the citizens of the United States are prepared to accept, and not accept. I think we'll see the Senate respond accordingly.

Dr. Foster: It's an amazing process.

EIR: Well, you know, on Jan. 6, when the Congressional Black Caucus held their press conference, the day that the electoral votes for Bush were confirmed, the CBC walked out in protest, when no Senator would rise to support their call for a debate. But one of the comments that a freshman Congressman from Missouri, who also knows Ashcroft, made during the press conference, was that he listened, during the entirety of the Presidential campaign, and in the post-campaign period—he listened to President Bush talk about how he wanted to reach out. And he said that he was beginning to get the uncomfortable feeling that that reaching out was kind of the way members of the Klan used to reach out: They would reach out with their right hand, while the noose was in their left. I can see why he said that.

And I have to say, that I think that was also echoed around the question of filibuster. I heard Senate Majority Leader Lott interviewed, as to what he thought the chances were, of a Democrat actually engaging in filibuster on the question of Ashcroft, and Lott's response was, that he thought it was very unlikely, because he had made it known that anybody who even considered that kind of procedural move, would "be crushed like a bug on a windshield."

Dr. Foster: They're making deals. And it's a sad commentary.

There is one other thing I really want your readers to think about: This whole Victorian concept of couching morality only in sexual terms, is a misnomer. It certainly came up during my confirmation proceedings, and it keeps coming up in the same way. How do we define our morality, or lack of it? It is immoral for children to go to bed hungry, to be bitten by rats, to be uneducated. Two-thirds of the people who are illiterate, the 80 million folk who can't read, are women. All of those things are immoral. And we've got to understand the immorality of inequity.

Pennsylvania NAACP Wins Vote for Ex-Offenders

by Marianna Wertz

In one of his most important statements just before leaving the Presidency, Bill Clinton wrote, in a commentary in the Jan. 14 *New York Times*, that “it is long past time to give back the right to vote to ex-offenders who have paid their debts to society.” Clinton’s message, titled “Erasing America’s Color Lines,” dealt generally with the measures he thinks are necessary to eliminate the stubborn vestiges of racism in America, in order to “build one America,” as he put it. Specifically on the administration of criminal justice, Clinton said, “There is no area today in which perceptions of fairness differ so greatly, depending on one’s race.”

A recent victory in the Commonwealth Court of Pennsylvania by the National Association for the Advancement of Colored People (NAACP), is the first step nationally in accomplishing what Clinton calls for, and can serve as an important precedent for other states struggling with this issue. In the suit, *Lorenzo L. Mixon, et al. v. Commonwealth of Pennsylvania, et al.*, the petitioners, who are currently or formerly incarcerated in Pennsylvania, were joined in a friend of the court brief by the Philadelphia branch of the NAACP, and won the right to vote for all former felons in the state, immediately upon release. The decision, filed on Sept. 18 by Presiding Judge Joseph T. Doyle, overturned the state’s Voter Registration Act, which denies the right to vote to felons for five years after their release.

No Small Issue

The issue of the right to vote for felons who have already served their time in a correctional institution, is no small issue. If the nearly 500,000 former felons in Florida—4.6% of Florida’s voting-age population, with 31% of the black voting-age population of the state among them—had been able to vote in the 2000 Presidential election, the outcome would never have been in question, as 90% of black Americans cast their votes against George Bush. In Florida, an ex-felon must wait ten years after completion of sentence before being eligible to seek the gubernatorial pardon needed to restore their right to vote.

Though this issue wasn’t raised specifically in the civil rights suit filed by the Florida NAACP on Jan. 10, what the NAACP did charge was that thousands of minority voters were erroneously removed from voter rolls, by a company linked to George W. Bush, which was hired to purge the names of felons from the voter rolls. Thousands of law-abid-

ing Floridians, predominantly black, went to the polls on Election Day and were erroneously told that they couldn’t vote, because they were listed as former felons.

Nationwide, an estimated 3.9 million Americans, or one in fifty adults, have currently or permanently lost the ability to vote because of a felony conviction, according to “Losing the Vote,” a 1998 publication by The Sentencing Project and Human Rights Watch. Thirteen percent of black men nationwide have been temporarily or permanently disenfranchised because of criminal convictions.

In states of the former Confederacy, the impact of disenfranchisement is immense, and meant to be so. Laws disenfranchising felons from voting expanded after the Civil War and passage of the Fifteenth Amendment, which gave blacks the right to vote. According to “Losing the Vote,” “between 1890 and 1920, many Southern states tailored their criminal disenfranchisement laws, along with other voting qualifications, to increase the effect of these laws on black citizens.” Like Florida, 31% of the black male population in Alabama is disenfranchised. In Texas, 20% of black males are disenfranchised, and 24-28% of all black men in Iowa, Mississippi, New Mexico, Virginia, Wyoming, and Washington state are permanently disenfranchised.

All but four states deprive incarcerated offenders of the right to vote; 35 states disenfranchise non-incarcerated offenders, including those on probation and parole; and 14 states disenfranchise ex-offenders for life.

An Act of Courage

Earl Trent, attorney for the Philadelphia NAACP, who argued the “friend of the court” brief in the Commonwealth Court, called the decision an act of courage (see interview). The majority decision went against both numerous precedents and perceived public opinion, Trent said, to “rectify a problem for people who have been disenfranchised under Pennsylvania law for many years, people who are not generally perceived to be politically very important or powerful.”

Judge Doyle’s opinion overturned that portion of existing state law which forced those felons who were not registered to vote before going to prison, to wait five years before they could register. “Although a state may not only disenfranchise all convicted felons, it may also distinguish among them, but the distinction must be such that it is rationally related to a legitimate state interest,” he wrote. Existing law, which distinguishes between felons who were or were not registered to vote before going to prison, Judge Doyle wrote, “does not present a rational relationship to a legitimate state interest.”

Moreover, Judge Doyle wrote, such a distinction assumes “that there was no possibility of rehabilitation during that period of incarceration and for five years thereafter. There is nothing of which we are aware to support this logic. . . . We therefore conclude that the prohibition against registration for five years after release from confinement is constitutionally infirm.”

‘This Decision Will Be Cited’

Earl Trent, attorney for the Philadelphia Branch of the National Association for the Advancement of Colored People (NAACP), argued the NAACP’s friend of the court (amicus curiae) brief in the suit brought by a group of incarcerated Pennsylvanians in 1999, which argued that all felons should have the right to vote upon release from incarceration. On Sept. 18, 2000, Commonwealth Court of Pennsylvania President Judge Joseph T. Doyle, ruled in their favor, changing the state law. Trent was interviewed by Marianna Wertz on Jan. 10.

EIR: What do you think of this decision?

Trent: I would call it a decision of first impression here in Pennsylvania. It is a decision that distinguishes our Commonwealth Court from a lot of other courts, in that they had the courage to rectify a problem for people who have been disenfranchised under Pennsylvania law for many years, people who are not generally perceived to be politically very important or powerful.

So, for the court to recognize this, and to take this action, I think, was very courageous of the justices who voted in favor of finding this unconstitutional under the Pennsylvania Constitution.

Also, I think it shows a lot of courage in that there is so much precedent, under Pennsylvania law, and under U.S. Supreme Court law, which really says that people who have been incarcerated lose almost all of their rights. Certainly, a long litany of U.S. Supreme Court cases, and Pennsylvania Supreme Court cases, have held that it is constitutional for the government to deprive them of the right to vote, as part of their sanction for criminal conduct in the past. They have upheld this repeatedly. So for this court to depart from that long line of precedent, I think, shows a tremendous amount of courage and intellectual independence. I’m extremely happy. I couldn’t be more happy about a decision by an appellate court.

EIR: Is anyone going to appeal this decision, or is it now law?

Trent: There are parts of the decision that may be appealed by the Attorney General of Pennsylvania. However, with respect to being able to register to vote immediately upon release from prison — that part of the opinion, the Attorney Gen-

eral has indicated that they will not appeal. In fact, they have joined with us in entering a stipulation before the court, making the temporary injunction against enforcement of that, permanent. So, on behalf of the Attorney General, that part of the decision, they will not appeal.

EIR: That’s good news.

Trent: That is very good news. Of course, we always have the legislators who believe that punishment should continue for the person convicted of the felony, and there is always the possibility that they will attempt legislatively to reenact this kind of disenfranchisement, taking into consideration the constitutional problem with it, so that it might pass constitutional muster. You never know what the legislature is going to do. But we’re hopeful that that will not happen.

EIR: Your *amicus* brief makes the point very clearly that the law, as it stood before this decision, really absolutely discriminated against people of color.

Trent: Yes. And it’s very interesting; of course, you cannot tell by the decision, but the argument, in court, focussed on that, totally.

EIR: The written decision doesn’t reflect that.

Trent: No, but the argument before the court, and the questions of the court, focussed exclusively on that. They did not let anyone argue anything else, other than that issue. And understandably. That was the new issue that was presented to the court. Everything else they had heard and had been decided before.

That part of the issue, came at a time when there was a lot of concern, and there still is, with respect to racial profiling. The compelling statistics that they were presented with, troubled them greatly. They expressed that during their argument.

There’s absolutely no question — and of course I can’t say for the record, not having spoken with people on exactly why they made their decision — but I can tell you that our decision, the success of this case, hinged upon the justices’ concern about the issues that we raised.

EIR: Did any of this argument occur during or after the Florida fiasco?

Trent: No, this was before.

EIR: Because it has bearing on that, where more than one-quarter of the black males in Florida are disenfranchised as felons.

Trent: That’s right.

EIR: So, this will be an important decision for the country.

Trent: It will be cited. They have asked for it from places all over the country, and it will certainly be used as persuasive authority in all of those cases.

Right-Wing Zionist Bushmen Say That Oslo Peace Accord Is Dead

by Dean Andromidas and Michele Steinberg

The right-wing Zionists' think-tank, the Washington Institute for Near East Policy (WINEP), has released a report advocating an end to peace with the Palestinians, which it is pushing to become official U.S. policy. And, given that several authors of the report are now in the Administration of the weak and incompetent George W. Bush, it represents a very real and dangerous policy option that could become a reality.

The WINEP policy would declare the Oslo Accords dead, and would bring Middle East policy back to the *status quo ante* that existed before President Bill Clinton entered the White House eight years ago. It is a draft policy for war—in fact, several wars, especially if the Bush Administration acts, as the WINEP report clearly intends, to put thug Ariel Sharon in power when the Israeli elections for Prime Minister take place on Feb. 6.

WINEP is the U.S. Zionist lobby's key foreign policy forum, and the report, entitled "Navigating Through Turbulence: Report of the Presidential Study Group," is the latest of reports prepared every four years since 1988 for incoming administrations. WINEP arrogantly purports to be the "permanent bureaucracy" for U.S. policy in the Middle East; it especially opposes a sovereign Palestinian state, and advocates keeping Iraq, Iran, and Libya on the list of nations targeted for sanctions, in order to preclude economic development.

Among its provocations, WINEP demands that the United States move the American Embassy in Israel to Jerusalem, and "immediately" begin breaking ground for the building. In effect, this is an endorsement of the battle cry by Sharon and the Temple Mount religious fanatics to *never* allow Palestinian rule over Jerusalem, or any part of it.

However, instead of putting forth a consensus in favor of its policy that the United States be the aggressive "sole superpower" in the Middle East, some of the top participants in WINEP's "Presidential Study Group," ranging from the highest echelon of the New York Council on Foreign Relations to former members of President Ronald Reagan's National Security Council, issued a strong dissent. The deep division could indicate that, beneath the surface, there is real fear about how close the region is to full-scale religious war.

George W.'s War-Mongers

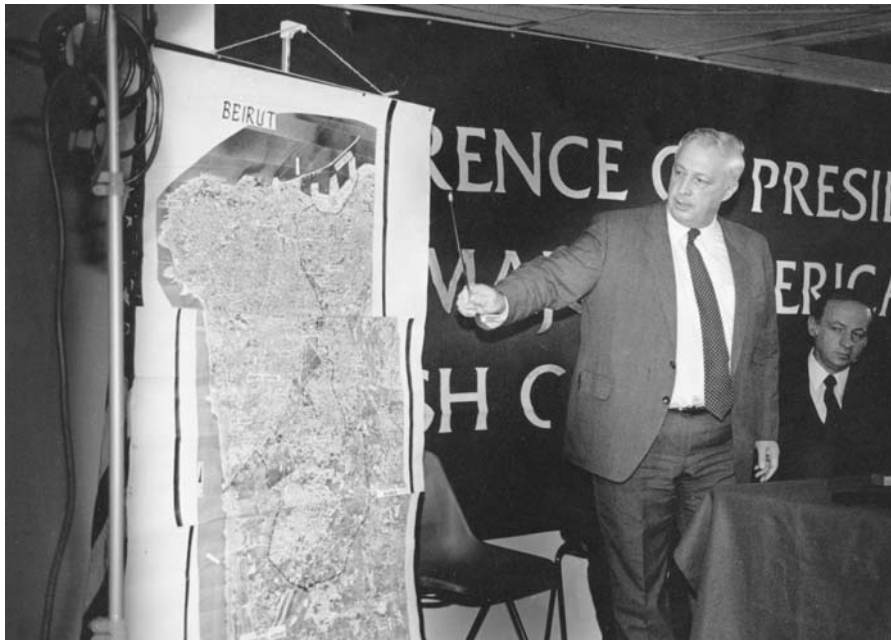
The drafters of the WINEP document include Paul Wolfowitz and Robert Blackwell, both of whom were members of the elder Sir George Bush's Administration and now have joined the George W. Administration. Wolfowitz has been named George W.'s Deputy Secretary of Defense. Since the mid-1980s, *EIR* has identified Wolfowitz as one of the covert operatives inside the Defense Department allied with the Israeli network which ran convicted spy Jonathan Jay Pollard. (Pollard maintains that it was necessary for him to spy against his own country, the United States, because the Americans were withholding information from Israel.) Wolfowitz prides himself on being the author of a 1998 war plan to invade Iraq with ground troops, and kill Saddam Hussein. A member of the WINEP study group steering committee is Sen. Sam Brownback (R-Kan.), who sponsored the Iraq Liberation Act that funded Wolfowitz's utopian war plan. Blackwell, another Sharon warhawk, is on the Bush transition team.

The WINEP paper rejects any positive initiatives taken during the Clinton years, and resurrects the geopolitical and crisis-management policies pursued by Sir George Bush's New World Order. It aims at countering any effort that could lead to the adoption of Lyndon LaRouche's Oasis Plan for a Middle East peace, a peace based on economic cooperation anchored on the development of new water resources for the region and the building of a regional industrial infrastructure.

Amid the current political tensions in the region, it is a de facto endorsement of Sharon for Prime Minister. A glance at its major points defines it as a policy for war.

Under the heading "Arab-Israeli Diplomacy: Deter Regional War, Explore New Approaches," several "ingredients" are offered. First and foremost, is the necessity to affirm "the 'unwritten' alliance with Israel" to ensure that "Middle Easterners have no doubt about the strength of U.S.-Israeli strategic partnership."

Getting directly to the point, it threatens war against Syria and Iraq: "Make sure that Syria's new leader, Bashar al-Assad, understands that emboldening Hizbollah into military actions against Israel could provoke a wider regional confrontation in which Syria itself would receive the brunt



Ariel Sharon at a New York press conference in 1982, briefs reporters on Israel's assault on Lebanon. The WINEP report is virtually an endorsement of Sharon's current electoral campaign.

of Israeli retaliation.

“Baghdad must also understand that the United States will orchestrate political and perhaps military responses should Iraq seek to intervene in the Arab-Israeli conflict to bully or blackmail regional players like Jordan into adopting more obstructionist positions or to exploit the current situation for military advantage elsewhere, such as in northern Iraq.”

This is clearly aimed at launching a new war against Iraq, and pushes the “Big Lie” that the popular outrage that captured Arab public opinion after Sharon’s provocative visit to the Al Haram Al Sharif/Temple Mount last September, and the death of more than 300 Palestinians, is being caused by Iraqi “blackmail.” Thus, WINEP, by threatening war against Iraq, is in fact attempting to blackmail Jordan and virtually all the other Arab states into dropping their support for the Palestinians.

As for the the peace process since 1993, the report calls on the Bush Administration to “assess lessons of the ‘Oslo experience’: explore alternative paths to peace.” Thus, in diplomatic language, the report calls for dumping the Oslo process of seeking cooperation, reconciliation, and economic development, and puts forward alternatives that are completely in line with those of Sharon.

Such “alternatives” include calls for “a peace built on as much separation/disengagement as is practical,” a “process of coordinated, reciprocal, unilateral measures,” and ensuring that the Palestinians do not unilaterally declare a Palestinian state. More importantly, the U.S. role would be confined to

that of acting as the phony “honest broker,” but this time the President’s role should be replaced by that of the Secretary of State. WINEP also calls for immediately ending the role of the U.S. CIA director in mediating security talks between Israel and the Palestinians. This has been a long-time Israeli demand, because the Palestinians had far more trust in Director of Central Intelligence George Tenet than in any of the Israeli intelligence chiefs.

While the report makes no mention of the fact that the United States gives Israel \$5 billion in economic and military aid, it calls for the Arab states to foot the bill for financially supporting the Palestinians.

Targets: Iraq and Iran

One unspoken, but strongly implied concern of the report, is the high degree of reconciliation that has occurred between Iraq and Iran, and

the reconciliation that both have achieved with their Arab neighbors. WINEP clearly aims to rebuild the anti-Iraq coalition by any means possible, and it continues to attack Iran. For example, on terrorism, the report calls for following through “on official pledges to pursue terrorists for their crimes even when diplomatically inconvenient, for instance, the Khobar Towers bombing suspects in Iran,” referring to the June 1996 bombing of a U.S. military barracks in Saudi Arabia. At the same time, the report urges, “be prepared to use military force against countries that provide safe haven to terrorists.”

While the report seemingly recognizes that in Iran “change appears to be on the horizon,” it levels a warning against Iran on the issue of “weapons of mass destruction.”

Concerning Iraq, WINEP unambiguously declares, “*Change will almost surely come only through violence, such as a coup or internal uprising.* To weaken the regime and render it more vulnerable, develop a comprehensive strategy of active steps to press Saddam Hussein’s regime on multiple fronts” (emphasis added). These steps include threats of massive military force, reestablishment of the weapons-inspection regime, support for opposition groups including supplying weapons, and continuing sanctions that especially target the regime.

WINEP calls for pressure to be brought to bear on other Arab countries, especially Jordan and the Gulf states — all of which have improved their relations with Iraq — not to accept the “embrace of Saddam’s Iraq.”

On Turkey, which has also improved its relations with

both Iraq and Syria, the report calls for supporting a Turkish-Israeli military axis. "The United States should encourage active Turkish involvement in the Middle East. To this end Washington should provide support for deepening Turkish defense and economic cooperation with Israel."

Buoyed by the Bush Presidency, the WINEP leadership, the majority of whom are Republicans, planned to ram through their war plans on a bipartisan basis, counting on support from anti-Clinton Democrats such as WINEP board member Martin Peretz, who was known as Vice President Al Gore's mentor, especially on issues like Gore's insistence on the physical elimination of Saddam Hussein; and Richard Gardner, the former U.S. Ambassador to Italy who was Gore's foreign policy adviser. But, the fact that the WINEP study group is composed mainly of hard-core Israeli warhawks, such as Max Kampelman, former head of the Anti-Defamation League of B'nai B'rith, and Richard Perle, founder of the Jewish Institute on National Security Affairs (JINSA), and a suspected Mossad agent, made that difficult.

Recommendations Are Denounced

Instead of a consensus for the war provocations laid out in the report, there is an unusual open revolt among Democrats and Republicans who participated in the study.

New York Council on Foreign Relations president Leslie Gelb, and Rachel Bronson, also from the CFR, vehemently disagree with WINEP's call for "reducing the role of U.S. intelligence agencies as central players in the Israeli-Palestinian relationship." They object to WINEP's advice to destabilize Lebanon by forcing the country to break with Syria, and they further denounce the proposal to immediately begin construction of the U.S. Embassy in Jerusalem.

Anthony Cordesman of the Georgetown Center for Strategic and International Studies, who was Sen. John McCain's (R-Ariz.) adviser during his 2000 Presidential campaign, disagreed with WINEP's assumptions on several counts:

On the peace process: "The Palestinians need to be provided with economic opportunities and incentives. Until the current fighting is ended, the U.S. should take no steps regarding the move of the U.S. Embassy. . . . U.S. intelligence agencies should continue their remarkably successful efforts at creating a neutral bridge between Israeli and Palestinian security efforts."

On war with Iraq: "The United States should do nothing to promote regime change in Iraq without Kuwaiti, Saudi, and Turkish support . . . [and] Washington should not support weak and divided opposition movements in ways that could create a second Bay of Pigs, nor should it deploy forces to indulge in symbolic efforts at regime change."

Cordesman also warned that the "Iran-Libya Sanctions Act is a badly conceived policy that should be allowed to expire." He said that "there is good reason to encourage U.S. commercial ties to Iran," and similarly warned that the United

States should *not* follow WINEP's advice on pressuring Egypt economically. This, he said, would be "seen as blackmail, at a time when Israeli-Palestinian conflict is creating explosive pressures on friendly Arab regimes."

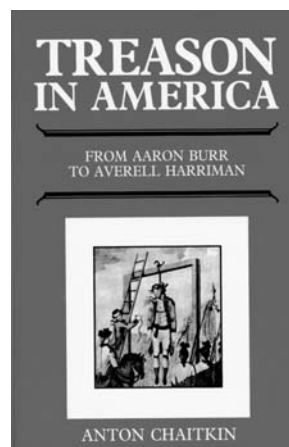
Professors Marshall Berger and Steven Spiegel object to WINEP advice to have the United States drop the peace talks. The "American role in the peace process" will become "the first order of business" for Bush, "and it is foolish to deny it," they said. They also object to WINEP's cover-up of the "settlement problem" in the Israeli-occupied territories, although they fail to mention that the paramilitary hit-teams based in the settlements are strong supporters of Sharon. These dissenters also reject moving the U.S. Embassy to Jerusalem without an Israeli-Palestinian agreement.

A former member of Reagan's National Security Council, Geoffrey Kemp, rejects WINEP's attacks on Iran for building nuclear energy power plants, saying that there are "no formal complaints" by the United Nations or any agency against Iran. He also objects to WINEP's wild drive to deploy a ballistic missile defense in the Persian Gulf against Iran, and possibly Iraq.

The ten "dissenters" to the report are among the highest-level participants in the study. But, they may find themselves looking at a full-scale war in the Middle East, triggered by the Bush Administration, once WINEP and other Sharon allies kill the peace process.

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Republicans, Democrats Set Forth Their Agendas

Jan. 22 marked the first full day of Senate business in the 107th Congress. It is likely that the Senate will concentrate on clearing nominations for at least a week or two, and both parties took this as an opportunity to lay out their agendas for the coming year.

While Democrats introduced a raft of bills, the GOP held back, to, as Majority Leader Trent Lott (R-Miss.) put it, “honestly have more consultation with leaders on both sides of the Capitol,” and with the Administration of President George W. Bush. Lott did touch on the GOP’s priorities, however. These include education, tax cuts, Social Security and Medicare, and energy.

On energy, Lott indicated that Energy and Natural Resources Committee Chairman Frank Murkowski (R-Ak.) is working up legislation to address the California electricity crisis, but his own comments indicated that the proposals will offer only more of the poison which created the crisis: He complained that California deregulated at one end, but not the other, and said that that is the cause of the crisis.

Other Republicans aren’t waiting for Bush to send up all of his agenda before pushing ahead with it. Banking Committee Chairman Phil Gramm (R-Tex.), along with Zell Miller (D-Ga.), introduced a tax-cut bill that afternoon. Gramm’s bill reduces tax rates across the board, and repeals the marriage penalty and the estate taxes. Gramm argued that the “weakening of the economy” since Election Day, makes the tax cut more of an imperative.

On the Democratic side, Minority Leader Tom Daschle (S.D.) described an agenda that sounds like the Democratic agenda of the last few years. It includes a Patients’ Bill of Rights, a

Medicare prescription drug benefit, middle-class tax cuts, and an increase in the minimum wage. The Patients’ Bill of Rights bill is based on the Norwood-Dingell bill that passed the House in the 106th Congress, and the minimum wage increase is for \$1.50 an hour, instead of \$1 an hour, “to make up for Congress’s inaction,” Daschle said. Other items include expanding the Children’s Health Insurance Program to parents of eligible children, and what Daschle described as a “real lockbox” to protect Medicare and Social Security surpluses.

Bush Sends Education Plan to Capitol Hill

On Jan. 23, President George W. Bush sent to Capitol Hill an education program that he called “real education reform.” The plan calls for annual testing of every schoolchild in reading and math, making schools accountable for their performance, and helping low-income schools make a transition to higher standards.

The most controversial aspect of his plan is likely to be on school vouchers. Bush avoided using the word “vouchers”; he said that “good options” must be provided children attending “persistently dangerous or failing schools.” Many critics both in and out of Congress read that as meaning school vouchers. Other Administration officials did little to clear up the ambiguity. White House Chief of Staff Andrew Card, on CBS News’ “Face the Nation” on Jan. 21, indicated that vouchers are a non-negotiable part of the program. Vice President Dick Cheney, on the other hand, told reporters after a meeting with the Senate Republican Caucus on Jan. 22, that the “options” could mean any of a number of things, including attendance at another

public school, or a charter school, or even hiring tutors. “The point is,” he said, “there has to be a system of accountability.”

Democrats proposed an alternative program. Joe Lieberman (D-Conn.), leading the so-called New Democrats grouping, made good on his promise, and described a plan which, on the face of it, bears strong resemblance to what Bush has proposed. The Democrats’ plan, according to Lieberman, provides resources to states and local districts to help students learn, and provides flexibility to meet local priorities and needs. “We want to hold them ultimately accountable for what this is all about: educating our children,” he said. Lieberman noted serious differences with the President on a number of issues, including on school vouchers and how to target Federal funds. However, he claimed that Democrats otherwise share common goals with Bush.

McCain Pushes Forward Campaign Finance Reform

Sen. John McCain (R-Ariz.) introduced his campaign finance reform bill on Jan. 22, along with 19 co-sponsors, including five Republicans. Motivating the bill on the Senate floor, he said, “We confront yet again a very serious challenge to our political system, as dangerous in its debasing effect on our democracy as war and depression have been in the past.” In this context, he said that the presence of the co-sponsors in the Senate chamber indicates “that momentum is on our side.” He said, “We will pass campaign finance reform legislation and finally follow the American people’s will.”

The major provisions of the bill in-

clude a ban on soft money contributions by corporations and labor unions, and increased disclosure of "electioneering communications" by independent organizations, a measure previously sponsored by Olympia Snowe (R-Me.) and James Jeffords (R-Vt.). It also codifies the U.S. Supreme Court's *Beck* decision, "to ensure that non-union members are not obligated to subsidize the political activities of labor unions."

About a half-dozen other campaign finance reform bills have been introduced, but only McCain's is attracting attention, because of his vow to push the issue early in the session. He told NBC News' Tim Russert on "Meet the Press," on Jan. 21, that it always takes time for a new administration to "get their act together," so, now is the time to push ahead. He warned that "the longer we wait, then we're into this [big money] morass again."

Majority Leader Trent Lott (R-Miss.), who opposes campaign finance reform, is saying only that the issue will be addressed "this year." According to news reports, the primary difference between McCain and President Bush on the issue is on so-called paycheck protection, which Democrats staunchly oppose, because it targets labor unions.

Export Control Reform Heads Gramm's Agenda

On Jan. 22, Senate Banking Committee Chairman Phil Gramm (R-Tex.) outlined an agenda for his committee that includes export controls reform, securities fees reduction, securities law reform, a look at government-sponsored enterprises, bankruptcy reform, and trade. However, Gramm

was not always specific as to what form some of these issues might take.

Gramm said that the export controls legislation that he will introduce is based on two principles: first, that no attempt should be made to control technologies that are already being mass marketed and are readily available, even if they may have defense applications; and second, applying stiff penalties, including life in prison, for the willful sharing of national security secrets with potential adversaries. He said that this is a new approach that recognizes that the Cold War is over, but that there are "plenty of mean people out there."

On securities law and government-sponsored enterprises, Gramm was far less specific. He said that he has no preconceived notions as to what reform might look like, only that "huge changes" have occurred in both areas which need to be examined. On bankruptcy reform, however, he was very specific. Besides making it harder for people with some financial assets to file under Chapter 7, Gramm also wants people with high-value skills to work off at least part of their debt.

While Gramm didn't expand on his trade agenda, later that afternoon he introduced two bills which authorize fast-track negotiations to bring both Chile and Great Britain into the North American Free Trade Agreement.

Boxer, Feinstein Address California Power Crisis

Sens. Barbara Boxer (D-Calif.) and Dianne Feinstein (D-Calif.) introduced separate bills on Jan. 22, to address the California electricity crisis. Both aim to bring some order to an out-of-control situation, but by different approaches.

Feinstein's bill would give the Secretary of Energy authority to take the same action that the Federal Energy Regulatory Commission now has to limit prices, but which it has so far failed to exercise. Feinstein said that the blackouts that have hit California so far, have jeopardized the economy, public safety, and people's lives. "Already, financial institutions and banks that have underwritten the debts of our utilities are being saddled with their own problems due to the uncertainty over whether they will be paid," she said. She also attacked California's 1996 deregulation bill, because "it relied almost entirely on a free market and assumed that there will be adequate energy supply," but instead it resulted in "an uncompetitive market and an absence of adequate supply."

Boxer's bill would establish an electricity rate cap for the entire Western Region, because a portion of California's power is being supplied from outside the state. "A regional price cap," she said, "will bring some stability to the market by ensuring a reliable supply for the entire Western Region, so that no state will confront a shortage." A companion bill has been introduced in the House by Bob Filner (D-Calif.).

Sen. Gordon Smith (R-Ore.) has announced that he will also be introducing electricity-related legislation. His bill would establish reliability standards for the country's entire electricity grid. Smith said that his bill "will allow energy providers and state utilities to prevent future problems that might arise from a lack of coordination."

It is not clear how much support any of these bills might get from the GOP leadership, however, given that President Bush has already said, that the Federal government has no role in addressing California's crisis.

After Kabila, an African World War?

With the assassination of Congolese President Laurent Kabila, the situation in the mineral-rich Great Lakes region of Africa has again come into the forefront of international politics. And the international financial oligarchy's game of recolonizing Africa has come full circle. While we at *EIR* are still putting together a precise assessment of the developments in Congo and its neighbors, there are certain fundamental realities that we know, and you should, too.

Kabila, you may recall, came into power through a vicious genocidal war in 1997. Backed by the international mineral companies, British and American covert operations, and the governments of Rwanda and Uganda, this provincial military leader and scalawag assembled a rag-tag army, and mercilessly mowed down hundreds of thousands of people, to take control of what was then Zaire, from the government of Mobutu Sese Seko. In a spree of mass murder virtually ignored by the international community, except for this news service, Kabila was hailed as a liberator of his nation from the corrupt, oppressive old regime.

As you might expect, however, this victory did not lead to peace, stability, or prosperity in the region. Those who backed Kabila's rise to power were, in fact, committed to the dismemberment of what is now called the Democratic Republic of Congo, in the interest of either their mineral profits, or their territorial expansion. The international community, epitomized by the International Monetary Fund and World Bank, did not reduce debt payments, or provide cheap credit, for the restoration of economic life in the devastated, war-torn nation.

Therefore, the war went on, this time with President Kabila being the one, who was attempting to preserve the sovereignty of his nation. Kabila found himself at war with his former allies, Uganda and Rwanda, which continued to use the excuse of alleged guerrilla fugitives from their countries, to maintain an aggressive military drive in the eastern part of the Congo. It just so happens, of course, that this is where the heavy mineral deposits of the Rift Valley are located.

Not surprisingly, the "international community"

weighed in against Kabila and national sovereignty. All of a sudden, the stories about his corruption began to come out. And an international conference was called, which put together an agreement called the Lusaka Accords. These accords, signed by the warring parties in July 1999, effectively ratified the presence of Uganda and Rwanda in Congo. Kabila refused to honor this "agreement," and now, by some sequence of events, he's dead.

At his funeral, no less than the Foreign Minister of Belgium, Congo's former brutal colonial power, immediately demanded that the countries of the region go back to the Lusaka Accords.

This is a prescription for continuing war, among all the countries of the area, most of which have been drawn in on one side or another over the past three years. Add to that, the fact that the continent of Africa, which has been effectively blacklisted by international banks from receiving substantial infrastructure investment for the last two decades, is being ravaged by disease, and the picture of perpetual war becomes even more devastating. The figure, that tens of millions of Africans are reported to be living with AIDS, on top of the fact that more than 10 million have been killed by it, is obviously a gross understatement. Even without war, the whole continent is being murdered.

Where is the hope? We will be reporting in a forthcoming issue on a major conference in Sudan, co-sponsored by *EIR*, which discussed extensive development plans for Central Africa. Participants from Nigeria, Ethiopia, and Egypt joined Lyndon and Helga LaRouche and Sudanese leaders to discuss "Peace Through Development Along the Nile Valley, in the Framework of a New, Just World Economic Order," which, even at this late date, is still capable of pulling Africa out of the abyss. Some of these ideas have been put forward before, and they all depend upon a major financial reorganization under LaRouche's New Bretton Woods idea. Under the gun of the new drive toward world war in Central Africa, we have new urgency for considering these ideas again.

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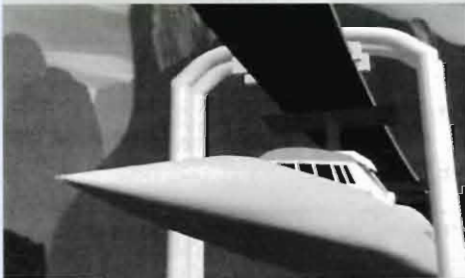
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