

EIR

Executive Intelligence Review

December 28, 2001 Vol. 28 No. 50 www.larouche.com \$10.00

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Building The Land-Bridges Will Rebuild Steel
Will Seineldín Be Freed To Rescue Argentina?

LaRouche Outlines Russia's Mission In Global Crisis



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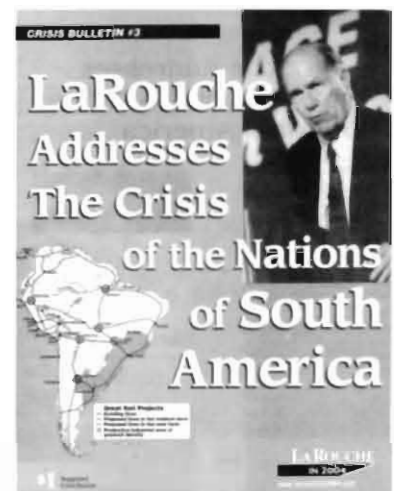
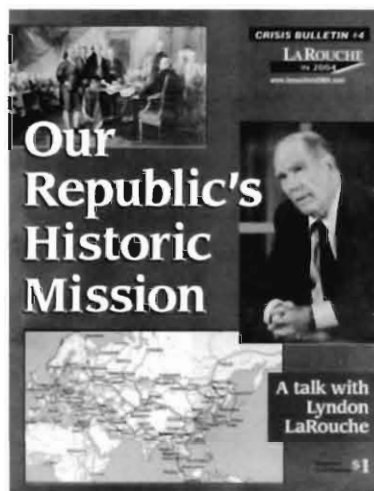
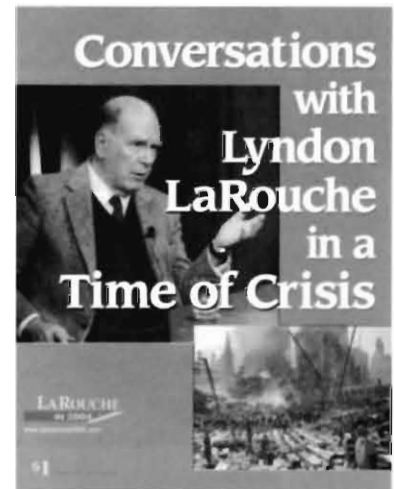
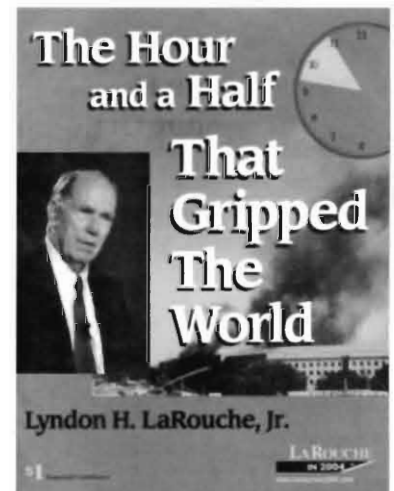
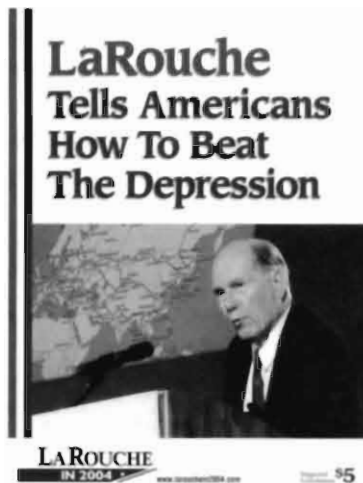
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*EIR (ISSN 0273-6314) is published weekly (50 issues)
except for the second week of July and the last week of
December, by EIR News Service Inc., 317 Pennsylvania
Ave., S.E., 3rd Floor, Washington, DC 20003. (202)
544-7010. For subscriptions: (703)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

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

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Rafael, Del. Cuauhtémoc. México, DF 06470. Tels: 55-66-
0963, 55-46-2597, 55-46-0931, 55-46-0933 y 55-46-2400.*

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

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prohibited. Periodicals postage paid at Washington D.C.,
and at an additional mailing offices.*

*Domestic subscriptions: 3 months—\$125, 6 months—\$225,
1 year—\$396, Single issue—\$10*

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

From the Associate Editor

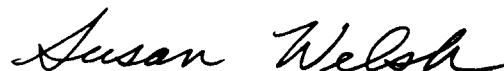
What does it take to get a U.S. Congressman to think twice?
Even once, would do.

Our *National* lead article, which Lyndon LaRouche has called “a contender for the story of the new century,” is the kind of flanking move that could shift the global strategic curvature, away from the tragedy toward which Israel’s Ariel Sharon and his Anglo-American sponsors are propelling us all. The Congress, which once again voted almost unanimously to give Sharon *carte blanche* in his campaign to exterminate the Palestinian Authority, has got to feel the heat, from citizens armed with *EIR*’s intelligence about the Israeli spies’ link to the Sept. 11 terror attacks.

To follow up this report, we will be rushing into print in the new year, a special dossier on Zbigniew Brzezinski’s geopolitical war: the core of the case to be made for understanding the attempted coup d’état against the U.S. government on the morning of Sept. 11.

As for our *Feature* on the LaRouches’ visit to Moscow, I can best introduce it by quoting from a memorandum issued by LaRouche upon his return. The conference that convened in the memory of Russian scientist Pobisk Kuznetsov, LaRouche wrote, “represented a higher and broader array of fundamental scientific competence than is to be found in any comparable meeting, in any other nation of the world today. . . . Only in India and Italy, do we meet a significant representation of intellectual life comparable to that in Russia. Germany, France, and the U.S.A. are on a lower cultural, intellectual, and moral level than that typical of Russia’s, India’s, and Italy’s intelligentsia today.” And yet, “against this, one must consider the mass-murderous poverty which liberalism and the U.S.-U.K.-France agreements inflicted upon 1990-1998 Russia, and see the evidence of this reflected in the daily life of Muscovites, for example, today, to develop a competent moral sense of the challenge to be addressed not only in the case of Russia itself, but world-wide.”

This is *EIR*’s last issue for 2001. Our next issue will be that dated Jan. 11.



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Photo and graphics credits:

Cover, pages 23, 26, 30, 40, 41, EIRNS/Rachel Douglas. Page 4, Maglev, Inc., Pittsburgh, Pa. Pages 5-7, 9, 19, EIRNS. Page 14, Japanese Ministry of Education, Culture, Sports, Science, and Technology. Page 15, International Atomic Energy Agency. Page 27, www.arttoday.com, EIRNS. Page 32, EIRNS/Richard Magraw. Page 35, EIRNS/Jonathan Tennenbaum. Pages 44, 45, EIRNS/Michael Vitt. Page 53, Claudio Celani. Page 58, DOD website. Page 61, NATO Photo.

Rail Proves U.S. Steel Crisis Is One Of Underconsumption

by Marcia Merry Baker

The downfall of American steel production and utilization began in the 1970s, when the chairman of U.S. Steel (now USX), the largest integrated steel producer in the country, said, “We make profits, not steel.” The result a quarter-century later, is that the entire sector makes little or no profits, and less and less steel. So much for the post-industrial “New Economy.”

The industry crisis is now at an end-point. Its production collapse is now two decades old (see **Figure 1**). Since 1997, twenty-nine companies have declared bankruptcy, others merged or downsized; the U.S. steel workforce has lost 25,600 jobs since January 1998. Over just the 11 months before October 2001, raw tonnage output has dropped 16%.

But as many in the American industry do not understand or admit, the steel collapse is worldwide in scope. World steel output has been dropping; in 2001, it is expected to fall another 1.5%, to 835 million tons from 847 million in 2000.

Thus the foolishness of the decision of the Dec. 17-18 “steel summit” of 26 steel-producing nations in Paris, to cut world production by another 100 million tons to eliminate overcapacity and increase prices, which will never happen in a depression. The same idea is echoed by the Congressional Steel Caucus, the United Steel Workers of America, corporate lobbyists, and the

Bush Administration.

These nations, rather than accepting the *worldwide falling demand for steel, which is the problem*, should be solving that problem by the needed infrastructure projects — especially in railroads — which would increase that demand.

In December, 2004 Democratic Presidential pre-candidate Lyndon LaRouche called for a “National Recovery Planning Act” for the United States, to address specifically

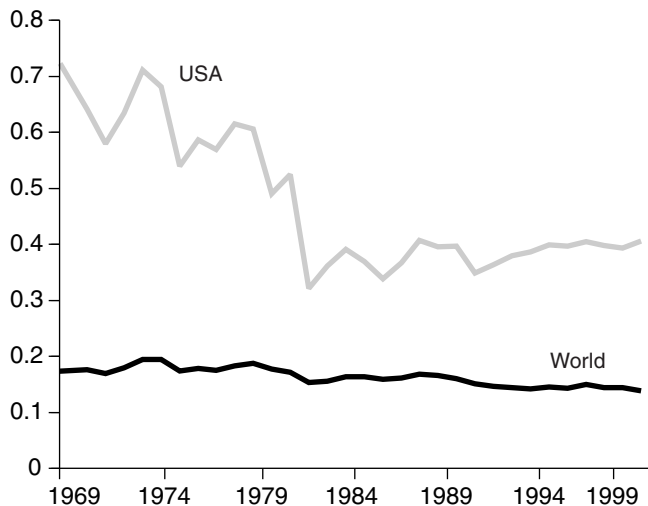


Proposed maglev train, with Pittsburgh's "Three Rivers" in the background. The proposal for a 47-mile maglev line between Pittsburgh and Greensburg, is one of several locations now planned, if a national infrastructure-building policy is implemented.

FIGURE 1

World And U.S. Steel Production Per Capita

(Short Tons)

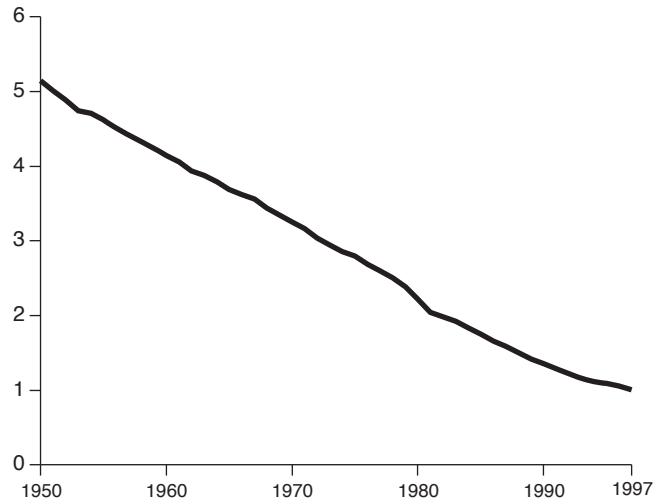


Sources: American Iron & Steel Institute, U.S. Census, *EIR*.

FIGURE 2□

U.S. Railroad Mileage Decline, 1950-1997□

(Miles Per 1,000 Households)



Sources: Association of American Railroads; U.S. Department of Commerce, Bureau of the Census, *Population Surveys*, various years.

how to proceed with steel, and all vital economic sectors in crisis. This is linked to LaRouche’s Eurasian Land-Bridge policy of building rail-centered corridors of development.

Underconsumption, Underproduction

Today’s steel crisis reflects the generalized economic and financial breakdown, and the decades-long *underconsumption* of steel in the contracting U.S. economy — declining utilization for infrastructure (bridges, water systems, railroads), shipbuilding, industrial equipment, nuclear-power plants. As for insolvency, the billions of dollars of unpayable debts must be dealt with under the principle of the Chapter 11 bankruptcy approach, of keeping essential functions going, and restoring economic growth and activity.

Per capita, the actual *output* of raw steel tonnage has *declined* during the past three decades, both in the United States, and for the world overall (**Figure 1**). In 1969, some 1,500 pounds of steel per capita (670 kg) was produced in the United States — utilized for everything from cars to the space program, and some for export. The global per-capita production average in 1969 was about 380 pounds per capita (170 kg). Then, over the past 30 years, these ratios fell, to 900 pounds (407 kg) in 2000 in the U.S., and to 308 pounds (140 kg) worldwide.

Per-capita *consumption* of steel has likewise declined globally, though in the United States, it was propped up by rising imports over the 1990s. As of the end of the 20th Century, dramatic disparities existed, so that, while U.S. per-capita annual steel consumption was 1,100 pounds (497 kg)

(much lower than in the 1950s), billions of people in the Third World had per-capita consumption in the range of a pound or two a year: in effect, the pre-Iron Age.

The fall of steel production and consumption can’t be made up by new steel-substitute materials, because the cause of that fall is the collapse in necessary infrastructure-building and economic activity itself. Even the post-Sept. 11 emergency spending bills have included *no new infrastructure at all*. Rail is a perfect example.

Figure 2 shows the decline in rail length in the United States from 1950 to 1997, in miles per 1,000 households. Thus, the apparent rail “market” for steel-repairing, upgrading, and expanding — *shrank* at the same time as the rail network did. Today, the website of the American Iron and Steel Institute (www.steel.org) does not even carry steel rail for look-up! A spokesman explained, that “rail is not a market we are trying to develop.”

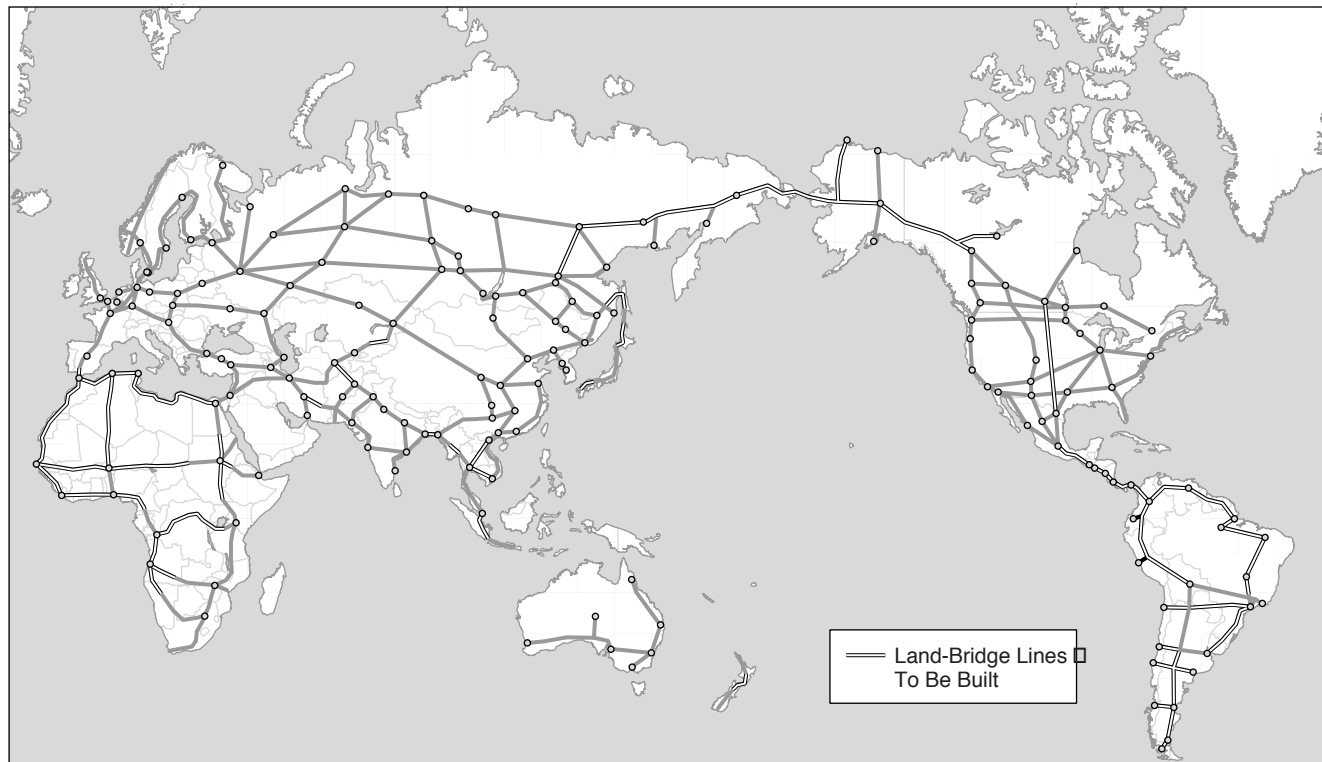
What folly, considering that new, high-speed freight and passenger rail corridors are the prime development need worldwide! There is a global steel *undercapacity crisis*, which defines how to approach the needed emergency measures for steel and all industry.

LaRouche Proposes ‘Recovery Planning’

LaRouche’s Dec. 9 National Recovery Planning Act proposal emphasizes Chapter 11 financial reorganization — not to fatten the bottom line, but in order to clear away the mountains of worthless debt — and a commitment to domestic and

FIGURE 3□

Main Lines Of A Proposed Worldwide Rail Network, Showing Lines To Be Built



Sources: Map by Hal B.H. Cooper, Jr.; Cooper Consulting, Seattle, WA. Unbuilt designations: EIRNS.

collaborative international infrastructure-building.

Launching needed railroad projects—building priority new lines, as well as upgrading the existing grid—fosters precisely the industrial, financial, and political conditions required to solve the steel crisis overall. The governing principle is, to designate the *economic activity* as in the national interest—in this case, building expanded rail service, and creating whole new corridors of development in formerly remote parts of the continent—and then, in the context of this economic growth policy, take the necessary Chapter 11 bankruptcy measures to deal successfully with presently insolvent industrial companies.

If a company, without prospects for increased orders and income, gets a Federal bailout—as is being requested now in the case of the newly bankrupt, third-largest U.S. integrated steel producer, LTV Corp.—the bailout will just go straight to Wall Street. This would be a Federally backed hand-out to those whose insane thinking and practices caused the demise of the steel industry in the first place!

Instead, Federal loans and advances can be properly made to LTV and others—in or out of bankruptcy—on condition

we follow the precedents of the Presidency of Franklin D. Roosevelt that worked: the big projects of the 1930s, such as the Grand Coulee and Hoover Dams, the Tennessee Valley Authority, and myriad smaller projects.

LaRouche said on Dec.9, “Our farms, manufacturing facilities, and essential security we can keep in business. We need international loans and development. We won’t bail out the steel industry or other industries. We can issue credit for development, but down the line, this brings benefits, we get long-term development.

“We need to build the international infrastructure projects, and that is what will keep these steel companies alive. You see, if the government extends a bailout to the steel industry, the steel industry will just suck up the money—Wall Street will just suck up the money. These companies need to be put through bankruptcy reorganization. We need to keep the steel industry capacity going, but through these projects.”

Some ‘Land-Bridge’ Links

Figure 3 shows the major lines of a world rail network sketched by Hal Cooper, a Seattle-based transportation con-

TABLE 1

Steel Requirements To Build New Key 'Land-Bridge' Rail Links, By Continent

Continent	New Track Length (miles)	Steel for Rail ¹ (short tons, double-track)
North America	3,170	2,276,060
Ibero-America	16,025	11,752,975
Asia	4,815	3,457,170
Africa	15,525	11,146,950
Total World	39,535	28,633,155

1. The factor used, is 359 tons per mile of single-track railroad, accounting for rails, at weight of 139 lbs per yard, per standard length of 39 feet, plus additional steel tonnage for plates, spikes, and other fixtures. The total shown, is then twice this for double-track. (The factor does not include the additional steel for bridges, culverts, pilings, and so on.) From the American Railroad Association.

sultant, which appeared in the January 1997 *EIR Special Report*, "The Eurasian Land-Bridge: The 'New Silk Road' — Locomotive for Worldwide Economic Development." It delineates certain priority unbuilt lines from the existing routes (or from lower-priority, unbuilt sections, as in Arctic Russia). For example, in eastern Russia, the line taking off northeastward from the Trans-Siberian Railroad (completed in 1903) goes up to the Bering Strait, to connect to the Americas.

Table 1 gives a minimum track-length estimate for just these select unbuilt sections, by continent. Then, for each continent, the total tonnage of steel required for the rails of the proposed new line, is given. Globally, some 39,500 miles are needed for the new lines shown in Figure 3. This means that, for the line alone (single-track, and for fixtures), some 14.2 million tons of steel are required; for double-track, 28.4 million tons.

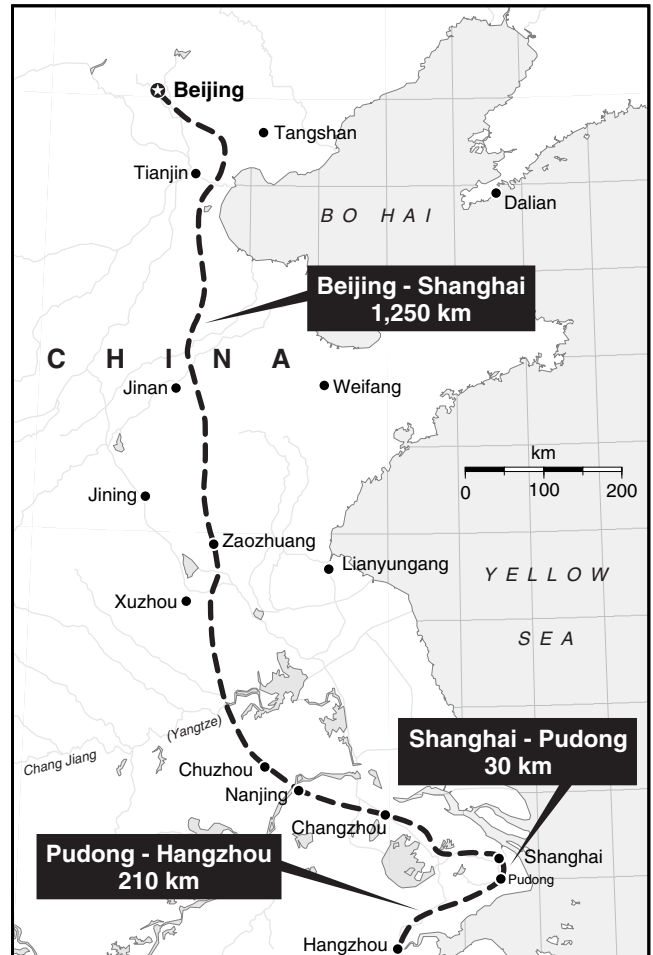
For North America, 3,170 miles of new track are listed. As shown in Figure 3, this involves two major segments— from the Bering Strait, down through Canada, to connect with existing lines going into the Lower 48; and a new north-south line, through the central Plains States, down to Texas and Mexico.

These proposals are not pie-in-the-sky. For well over 100 years, the idea of a continental North American north-south line, from Alaska to Mexico, has been on the drawing boards, but was never carried out. In 1942, the Army Corps of Engineers did the precise surveying for the line from Alaska southward, running down through British Columbia. That work still stands. Either it, or a more easterly route, could be chosen for priority construction, or both. There are similar proposals long planned for South America, and for the Central American intercontinental connections.

In Eurasia, construction is already under way on some of the key lines of the Eurasian Land-Bridge. In May, the Rail Transport Union was formed in Moscow, for multinational

FIGURE 4

Planned Maglev Projects In China



Source: Transrapid.

cooperation on rail expansion. President Vladimir Putin has repeatedly stated his commitment to new rail and "energy bridges" to China, the Koreas, Japan, and elsewhere on the vast continent. In China, a magnetically levitated (maglev) line is under construction from Shanghai to its Pudong airport, and another line is being considered to go to Beijing (**Figure 4**).

In Alaska, there is active promotion of the need to build the Alaska-Canada-Lower 48 rail connection, spurred by state Rep. Jeanette James (R-Fairbanks), who hosted a conference in October in Fairbanks. Meetings have taken place among legislators from Cochootka (eastern-most Russia), Alaska, and the Yukon, on the prospects for a Bering Strait tunnel connection.

On Dec. 17, the front page of *Le Journal de Montréal*, the city's largest circulation daily, carried a huge color photo of

Germany's Transrapid maglev train (the same as on the *EIR* cover on Nov. 2), leading into a two-page report on the technology's benefits for the Montreal-Laval regional airport connections, and covering similar proposals to link Pittsburgh to its airport, Las Vegas-Los Angeles, and Washington, D.C.-Baltimore. Transrapid International's president, John Schubert, met on Dec. 17 with Quebec government officials, and the mayors of cities involved, saying to the press, "Montreal could become window for North America of the maglev." The second phase of the project could involve connecting Montreal to New York City.

Cooperation among the United States, Canada, and Mexico, in the Americas, with the Eurasian Land-Bridge projects, is the only realistic approach to both the economic breakdown crisis, and required foreign policy. Millions of tons of steel are required.

Millions Of Tons Of Steel

The steel requirement shown in Table 1 for North America, of 2.276 million tons, for the rail required for construction of certain key unbuilt lines on the continent, is far higher than the yearly output of rail by the United States and Canada at present. U.S. rail shipments (imports and output combined) in 1999 were only 501,000 tons, down from even 532,000 in 1995. The United States is rail-import dependent. Few mills have the capability. To gear up for needed output, would require industrial growth planning on where and how to upgrade rail output capacity.

Moreover, we are looking here—to make the policy point—only at the steel used for the track itself: the rails, spikes, plates, etc. Additional steel is required, in significant tonnages, and in various types of product, for culverts, bridges, sidings, and for double- and triple-track. If the new North American line is double-track from the outset, then 2.3 million tons are required, and millions more for the needed construction and management structures.

Then there is the woeful state of the existing rail network of the nation. The length of railroad line owned by Class I (major) rail companies fell from 146,000 miles in 1990, down to 132,000 in 1998, a drop of 14,000 miles. Much of the railway is in substandard condition. The policy of the under-regulated, merged lines, was to shrink mileage, intensify runs on the fewer lines, minimize repairs, and pull out fast bucks for Wall Street. Some 70,000 track-miles currently in use, require upgrading to double- and triple-track specification, according to Cooper. This alone, at a minimum input of 359 tons per track mile, creates a demand of 25.4 million tons of steel.

Moreover, regional high-speed rail programs are long overdue.

Figure 5 shows 11 priority high-speed rail corridors. Compared to the paltry 500,000 tons of annual steel rail shipments yearly at present, massive tonnages of steel are required to make these regional networks reality. A minimum estimate

is 5.4 million tons of steel for 7,500 miles of high-speed line, part of the 70,000 track-miles indicated by Cooper for upgrade.

The Maglev Designs

However, the pinnacle of modern "rail" technologies, are the maglev designs, which are technically frictionless, but still require significant amounts of steel for construction and system operation. The photo is from Maglev, Inc. of Pittsburgh, which gives the following description and factors of steel input: "The guideway is an elevated structure with pre-fabricated, T-shaped, steel beams set on concrete pillars of various heights. This elevated double guideway requires approximately 5,000 tons of steel per mile, primarily rolled plate steel. Attached to these beams are several functional components, including a linear motor, guidance rails, and low-friction skids. The linear motor, which is part of the guideway and provides the propulsion for the vehicles, requires approximately 275 tons of magnetic steel per mile of guideway. The shape of the guideway is adjusted to the alignment and gradient for high-speed operation, making few girders completely identical in shape. The strict tolerances, far exceeding the values usual in steel construction, require an automated production concept. Therefore, to achieve the accuracy and minimize the cost of guideway construction, a computer-integrated manufacturing process is used, whereby the measurements taken at the construction site are input directly to the beam fabrication equipment."

Thus, in quality, as well as in quantity, the current steel industry must be vastly expanded. Maglev, Inc. calculated that for just three groups of maglev lines connecting, through Pittsburgh, with Cleveland and Columbus in the west, Huntington, West Virginia in the southwest, Washington, D.C. in the south, Philadelphia in the east, and Erie in the north, 1,300 miles of line would be required.

This Mid-Atlantic Regional System, using Maglev Inc.'s per-mile input-factor of 5,275 tons of steel, would require 6.9 million tons of steel.

To summarize, just for minimum 21st-Century rail transportation steel inputs required for North America—not counting the grand projects of the Eurasian Land-Bridge requirements overall (including Africa, Ibero-America, Australia, New Zealand, etc.), the following steel volumes are essential for rail: 25.4 million tons to upgrade existing grid; 2.3 million tons for new continental links; 6.9 million tons for the U.S. Mid-Atlantic maglev; 21.0 million tons for three other regional maglev webs, for a total of 54.6 million tons.

This tonnage, for rail alone, is half of the total current output level in the United States.

Now that we have the beginning of a political phase-change around the world, including in the United States, away from "globalization," and the "New Economy," it is high time to revive those policies of nation-building, which can get on with the job of recovery.

U.S. High-Speed Lines Demand Action, And Steel

The map shows 11 of the 12 high-speed rail corridors designated by the U.S. Secretary of Transportation. The rough estimate of steel tonnage inputs for these specific networks alone—modernizing a minimum of 7,500 track-miles—would require at least 5.4 million tons of steel for rail and accessories alone (double-track, not counting construction of culverts, pilings, bridges, and so on).

These 11 grids interconnect major American cities representing more than three-fifths of the U.S. population. High-speed rail is defined as a rail system that travels at 90 miles per hour (150 km/hour) or greater.

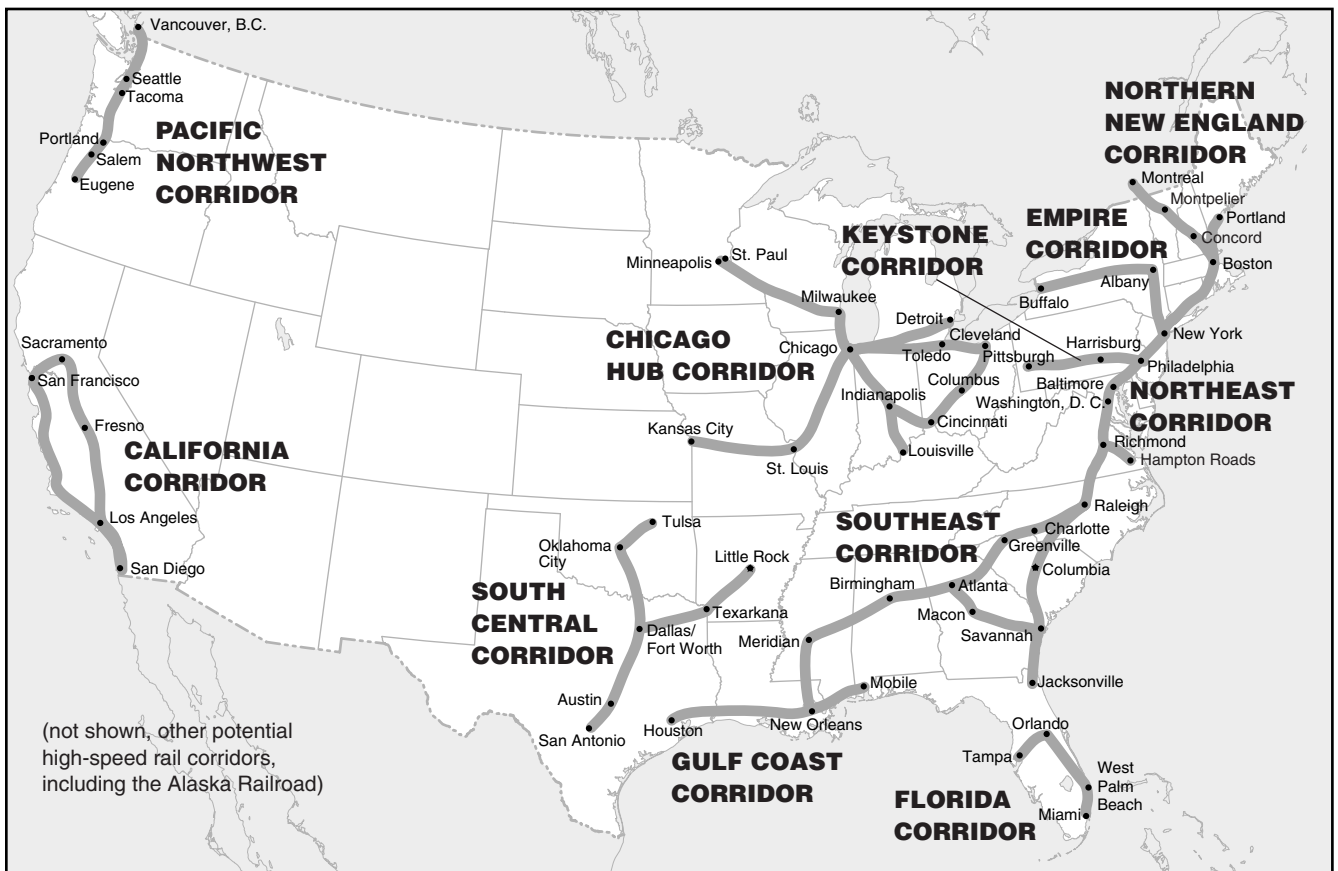
At least \$100 billion is needed to upgrade the existing rail system. This is the estimate of transportation consultant Hal Cooper, who bases his figures on rebuilding up to 70,000 track-miles of lines up to double- and triple-track specifica-

tion. On Sept. 8, referring to rail and other collapsed infrastructure in the country, Lyndon LaRouche advised, “The crash is on! It’s time for all good Democrats to propose public works, public spending on economic infrastructure.” In August, Sen. Harry Reid (D-Nev.) had spoken out for a “Marshall Plan for Renewal,” for infrastructure-building across the board.

On Sept. 25, 2001, the RIDE-21 rail expansion bill (H.R. 2950) was introduced by Rep. Don Young (R-Ak.). It calls for \$71 billion in different types of funding, from tax-exempt bonds, to loan guarantees, to grants for rail-corridor planning. An earlier bill, H.R. 2329, the “High-Speed Rail Investment Act of 2001,” largely sponsored by Democrats, called for an expenditure of \$12 billion. As a Congressional staff member commented, “We proposed \$12 billion before the Sept. 11 incidents. If we had proposed \$70-80 billion then, we would have been denounced as crazy.” After Sept. 11 there has been an impetus to restore the economy and provide transport security, but Congress has not *acted* on any new infrastructure bill.

Senator Reid teamed up with Sen. Robert Byrd (D-W.V.) to push a smaller package of \$15 billion in infrastructure spending, in the name of Homeland Security preparedness,

FIGURE 5
High-Speed Rail Corridor Designations



which was thwarted. December is ending with the Wall Street-serving media gloating that nothing happened. The Dec. 20 *Washington Post* wrote of Reid: “His Marshall Plan proposal fell flat.”

Here is the *demand* problem, on which steel and other industry unions and groups need to act, rather than suicidally trying to cut world steel production further.

Maglev Projects On The Agenda For 2002

by Rainer Apel

Reviewing 2001, one of the most positive developments was the signing of the maglev cooperation agreement between China and Germany, at the end of January. The agreement on a 32 kilometer Transrapid link from Shanghai to Pudong, the first magnetically levitated train project outside of Germany, has sparked initiatives in Germany and in other countries of Europe.

Whereas the main obstacle to the realization of maglev projects on German territory, the fiscal austerity and budget-balancing policy of the government, has not been removed, politicians from several parties are promoting proposals for local, regional, and European-wide projects. The latest is a proposal by Bernd Protzner, Christian Social Union member of the Bundestag (parliament) in Berlin, for a maglev line from Munich to Berlin, via Bamberg and Erfurt. This would involve the construction of about 600 kilometers of track, and it would go beyond the envisaged local project of building a maglev line between Munich and its international airport—comparable to the Shanghai-Pudong project.

An even broader perspective was laid out at a July 10 seminar of the Chamber of Industry and Commerce in Hamburg, which called for a “Eurorapid,” which would link major cities in the Netherlands, Germany, Denmark, Poland, the Czech Republic, Austria, and Hungary. Several other chambers of industry in Germany, for example in Dresden, Leipzig, and Schwerin, have held similar events.

In Poland, the first public call for a maglev project was issued in late August. Krzysztof Makowski, Deputy Mayor of Lodz, proposed a maglev connection between his city (the second-largest in Poland) and Warsaw, in connection with numerous other projects for developing transportation infrastructure and the industrial production base of Lodz. If the government could not provide the funding, the 200 km maglev line from Lodz to Warsaw could even be carried out by private investors, who would also operate the train, Makowski said. Improvement of highway and railroad infrastructure is viewed as crucial for further industrial buildup in the region, according to both Makowski and Lodz Mayor Krzysztof Panas, and the maglev system would be the ideal solution, in their view.

And in Austria, Gerhard Rübiger, a Member of the European Parliament, proposed to include maglev in the discussion about future close cooperation among the three airports of Vienna (Austria), Bratislava (Slovakia), and Gyor (Hungary). At least for the envisaged Vienna-Bratislava connection, a maglev system should be considered, he said. Maglev

FIGURE 15
Transrapid Maglev Projects for Central and Eastern Europe



Source: Transrapid.

transfer between the three cities would make it possible to operate the airports, which are each about 30 km apart, as if they were one huge airport. Travel time between them would be reduced to a couple of minutes with the Transrapid, which can reach a speed of up to 500 kilometers/hour.

Rübig proposed creating a large transport corridor that would combine highways, traditional rail connections, and resumed shipping on the Danube River (which Vienna and Bratislava border on directly, and Gyor indirectly, through the Raab River). The entire border region encompassing eastern Austria, western Slovakia, and northern Hungary could be turned into a giant transport hub for Central Europe, Rübig said.

Chinese-German Cooperation

In China and Germany, a publicity campaign has been launched on the first commercial maglev train project, Shanghai-Pudong, which is to begin operation on a regular schedule in February 2003. If completed on time, that project could lead to other, even larger maglev projects in China, such as between Shanghai and Nanjing, or Shanghai and Beijing, in the context of the new five-year national transport development plan, which is to be passed in the Spring of 2003. In the wake of German Chancellor Gerhard Schröder's China visit in November, a flood of articles have appeared in Germany, drumming up support for maglev projects on German terri-

tory. "Commander" Wu Xiangming, the director of the construction work on the Shanghai-Pudong project, has organized the construction in a military-engineering style, which will allow the project to be completed in less than two years. The Chinese took only six months to build an entire new factory near Shanghai, which started producing the concrete and steel components of the line in November, to the amazement of German journalists who have visited the site.

Eckhard Rohkamm, director of the German firm Thyssen, which is producing the Transrapid maglev system, reiterated during Schröder's China visit, that with new, and larger maglev projects in China, the system would no longer be produced in Germany, but should be done in China — this also in view of future exports to other Asian countries.

This implies the transfer of technical know-how from Germany to China, which is an important issue for the Chinese, as illustrated in talks that Prime Minister Zhu Rongji had in Beijing on Nov. 12 with Gov. Sigmar Gabriel of Lower Saxony. Zhu told Gabriel that if ambitious projects like a 1,200 km maglev track from Shanghai to Beijing were to be realized, the train system would necessarily have to be produced jointly by Germany and China, on Chinese territory, for reasons of efficiency in time and of money. Apart from that, a joint maglev venture between China and Germany would establish a genuinely new type of industrial cooperation, under conditions of the 21st Century.

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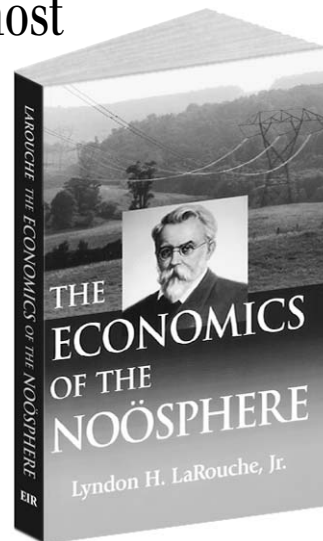
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Enron's Bust And The Future Of The Bubble

by John Hoefle

The rapid collapse of Enron Corp., culminating in its Dec. 2 bankruptcy filing, has sent shock waves throughout the energy-trading sector, accounting circles, and the government regulatory apparatus. As we go to press, both the House Financial Services Committee and the Senate Commerce Committee have already held hearings on the Enron affair, and further hearings are scheduled for January; the Securities and Exchange Commission is continuing its investigation; and the U.S. Department of Justice is examining the matter for possible criminal prosecution. In addition, dozens of lawsuits have been filed by Enron shareholders and former employees, many of whom have seen their retirement funds evaporate.

At the same time, the shock (to most) that one of the world's seemingly most profitable companies turned out to be largely a smoke-and-mirrors accounting trick, has caused Wall Street analysts and investors to take a closer look at the financial condition of Enron's fellow energy pirates. That, as *EIR* readers would expect, is bad news for the pirates, and has resulted in significant plunges in share values for some of them. Dynegy, Calpine, Mirant (now a newly junk-rated company), and a few others are garnering lots of attention, much to their dismay.

There is, however, a deeper game afoot, as the big global derivatives banks seek to capitalize on the problems of the energy traders by taking their business at pennies on the dollar. Enron has already announced plans to sell off its energy-trading operations, most likely to a major bank, and much ink in the business press has been used to tout the idea that the banks, with their supposedly deep pockets, should "rescue" the energy-trading sector.

The top commercial and investment banks have seen significant segments of their own income evaporate, due to sharp drop-offs in the mergers-and-acquisition and Initial Public Offering (IPO) business, combined with a general retrenchment by businesses overall. The loss of those income streams have left the big derivatives banks in a precarious position, more bankrupt than Enron, and desperate for cash.

LaRouche vs. The Bubbleheads

The failure of Enron, the largest corporate bankruptcy in U.S. history, has sent shock waves throughout the world, surprising nearly everyone with the speed of its collapse. In six short weeks it went from being the dominant force in its sector, to being a pariah. The event exploded delusions right

and left, and blew the circuits of those who believed that such a surprise could not occur in this modern era of instant information, where hundreds of newspapers, magazines, newsletters, cable television stations, and Internet sites are devoted to feeding the public a steady diet of stock tips. People who thought they knew what was going on, didn't have a clue.

The Enron affair has served as a wake-up call to many thinking citizens, who see it as further proof, after California, that electricity deregulation has not improved the economy as promised, but rather, is destroying it, precisely as Lyndon LaRouche had forecast. The realization is growing, that deregulation has failed, and that a return to regulation along the lines indicated by LaRouche is necessary.

Re-Regulation The Issue

On the other side are the bubbleheads and their cheerleaders, led by the *Wall Street Journal*, who are attempting to blame the Enron affair on what little regulation remains, claiming that the failure to turn the pirates completely loose is responsible for the detonations in California and at Enron. These bubbleheads claim, in an astonishing display of blindness and duplicity, that total deregulation is the only solution, as if taking more of the poison which is already killing us, will return us to health.

At the Senate Commerce Committee hearing on Dec. 18, a number of former and retired Enron employees testified how their pension funds had been wiped out by the company's collapse.

"I trusted the management of Enron with my life savings," testified retired Enron employee Janice Farmer, who worked for an Enron pipeline in Florida. "Senators, I won't mince words here. They betrayed that trust. I am left now, a year away from Social Security, . . . living off a \$63 per month pension check from another company."

Another Enron employee, a machinist foreman at the company's Portland General Electric utility, told of one 33-year employee there, whose retirement plan lost \$995,000 almost overnight, and of others who lost in the hundreds of thousands of dollars. Similar tragic stories were presented by others, who lost a lifetime of savings in the blink of an eye, and are now wondering how they will survive.

These people are victims of deregulation, but they are also previews of the future for many millions of Americans, who have their savings invested in the stock and bond markets, either directly or through mutual and other funds, or through corporate retirement plans.

The Enron employees thought they were safe, then woke up one morning to find that they had been wiped out by forces seemingly beyond their control. The same thing happened to the dot-com investors, and is happening all across the economy, and this is only the beginning; the system itself is coming down, vaporizing hundreds of trillions of dollars of assets. The choice is clear: LaRouche and his recovery policy, or a bust that makes Enron look like a walk in the park.

Mexico's Fox Escalates 'Fire Sale' of Assets

by Rubén Cota Meza

Turning ever more desperate in the face of the equally precipitous collapse of the national economy and his own popularity, Mexican President Vicente Fox has become all the more determined to complete the major project of the two preceding Presidents: handing over to foreign interests what little remains of the nation's sovereign assets, namely, its oil, electricity, and workers' savings.

On the anniversary of his first year in office, Dec. 3, Fox confessed on Joaquín López Dóriga's television program, that his economic policies "are the same" as those of Presidents Carlos Salinas de Gortari and Ernesto Zedillo, as "they are the same as those that all successful countries of the world follow."

One day later, senators from Fox's National Action Party (PAN) presented the same bill to privatize the national electricity industry that the Congress had rejected two years before, when it had been introduced by President Zedillo (of the Revolutionary Institutional Party, the PRI)—and which Fox himself did not dare to bring before Congress.

Ironically, that same day, California Gov. Gray Davis (D), in an interview with the Mexican daily *Reforma*, "recommended" that Mexico "not hand over its electrical infrastructure to private interests unless it is assured of having 15% more energy than they need." Governor Davis reminded Mexicans that, in his state, the private companies tried to "drain our coffers. They tried to charge us seven times more for electricity than what they charged us in 1999."

However, despite the evident failure of electricity deregulation, and of economic deregulation in general, the Fox government and the PANistas are plowing ahead with their strategy, that of implementing "the final phase of *Salinismo*"—the free-market liberalism of former President Salinas de Gortari.

Proof of this, is the new strategy of Raúl Muñoz Leos, General Director of the state oil company Petroleos de México (Pemex): The former president in Mexico of DuPont Co., seeks to provide the oil multies access to Mexico's oil and gas reserves, despite constitutional restrictions against doing so. On Dec. 6, Pemex directors and the Energy Ministry revealed their intention to establish "Multiple Service Contracts" for the exploitation of natural gas reserves which Pemex has already located. The first step toward getting access to oil production Mexico is this scheme, announced Luis Ramírez Corzo, director of Pemex Exploration and Production, who added that, then, "access to contracts for concessions would

be the ideal step."

Such contracts, says Pemex, do not require amending the Constitution, but merely have to be approved by the Finance Ministry, since they unify in a single contract all the services which are already provided separately by numerous private companies.

However, these contracts are nothing more than "disguised concessions," which open the door to "risk contracts" prohibited by the Constitution, making way for the very "energy pirates" denounced by California's governor. This was made clear by Alexandre Rojey, director of the French Petroleum Institute, in an interview with the newspaper *Milenio Diario*. Rojey said, "What we are seeing is that perhaps in the future there will be multiservice contracts for oil, as they are now doing for natural gas." These contracts could later be modified, he added, to provide greater access to production itself.

These contracts, not surprisingly, are the same ones recommended by the U.S.-Mexico Binational Commission, headed by Anne Armstrong, director of the Center for Strategic and International Studies, former U.S. Ambassador to Britain, and a director of Chevron oil company.

Retirement Funds For Speculators

Also, on Dec. 6, a new ruling entered into effect, whereby 222 billion pesos (some \$25 billion) enrolled in Mexico's national retirement savings system can now be invested by fund administrators in the peso- or dollar-denominated debts of public or private companies, as well as in market derivatives. Before that date, 91.7% of these funds were placed in government paper.

When the new retirement savings system was established during the Zedillo government, it was stated that the funds would never be used in risky financial ventures. Now, the Fox government has opened up a crack whereby the speculative mechanisms will begin to drain ever-increasing amounts of these funds, until the country's retirement funds are sucked dry. Just so, on the eve of that measure's going into effect, Eduardo Silva Pylypciw, president of the Mexican Association of "Afores" (as the private pension funds are known), proposed that the government's restrictions on the investment of pension funds be eliminated, and that the fund administrators be the ones to decide when and where to invest.

Thus, the Fox government is handing over nearly \$25 billion to the financial sharks, who will end up losing that money, just as they have lost nearly everything else, including their shirts, in other financial adventures.

Making the situation even worse, is the soaring unemployment that threatens to exhaust the savings system. Of the 26.5 million people participating in the retirement payments system, only 46% of them still had active accounts in July. That is, more than half have not been making any contributions in recent months.

Further, the decline in interest rates—this year, the real

interest rate, discounting inflation, is only 2% — could mean that workers will receive a smaller pension than they would have received under the previous scheme. The government is using this as a pretext to “attack” the problem by allowing the funds to be invested in higher yield — but much riskier — instruments.

An ‘Argentina-Style’ Crisis

As the problems afflicting the system accumulate, the desperation of the neo-liberal managers of the economy grows. Thus, they are attempting to silence the opposition by holding up the bogeyman, that the cause of Argentina’s problems (and potentially Mexico’s) is its fiscal deficit and a non-renegotiable debt. “However,” argues Banco de México Governor and former Zedillo Finance Minister Guillermo Ortiz, the ultimate cause of Argentina’s problems is that “the politicians did not come to any agreement.” Thus, says Ortiz, the urgency of Mexico’s Congress approving a fiscal reform to increase government income, and an energy reform to increase foreign investment.

By refusing to recognize that the bankruptcy of Argentina, Turkey, Poland, and of the United States itself, is a reflection of the overall bankruptcy of the global financial and economic system, these neo-liberal managers will end up dooming Mexico to collapse, with or without the “fiscal reform” they hold so dear.

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Interview: Satoru Ohtake

Japan Urges U.S. To Rejoin Fusion Project

In July 2001, Japan, the European Union (EU), Russia, and Canada completed the design for the International Thermonuclear Experimental Reactor (ITER). While the United States was a founding partner in ITER in the 1980s, in 1998, it withdrew from the program. Thermonuclear fusion promises an unlimited supply of energy, and requires an aggressive international effort to become reality. Marsha Freeman interviewed Satoru Ohtake, Director for Fusion Energy, Ministry of Education, Culture, Sports, Science, and Technology on Dec. 5, at the Japanese Embassy, during his trip to Washington to discuss ITER with U.S. energy officials.

EIR: What is the purpose of your visit to the United States?

Ohtake: I came into this position of Director of Fusion Energy in mid-July, and have worked since then mainly on ITER. It is necessary to secure large-scale resources and a fixed, rigid international framework for that program. The discussion in Japan about whether or not to participate in ITER or, furthermore, to host the experiment, is continuing, and in that discussion, the attitude of the United States is very important.

As you know, ITER has been in preparation for a very long time, about 15 years, from the very initial stage. For the past nine years, the countries concerned have carried out the preparatory study and conceptual design activity, leading to an engineering design. These nine years ended in July, and the engineering design is completed. The United States initially was a member, but unfortunately three years ago there was some discussion in the United States and there was a misunderstanding or conceptual change there, and the U.S. got out of the circle, in 1998. Now, ITER is ready to come up to the full-fledged phase of construction. At this time I think it is necessary to come to the U.S. and discuss with the people concerned, the U.S. reentering the project.

EIR: Why is it important that the United States rejoin the ITER project?

Ohtake: Because regarding ITER, we — meaning Japan, the European Union, Russia, and Canada — are quite ready and confident and have enough engineering technology back-



ground to realize ITER now. But it is an international program, so if the United States reentered ITER, it would be more, or really, international. Also the United States is an old colleague in our ITER club, so we will discuss it with our colleagues in the United States. That is my intention in coming here.

EIR: It is my understanding that ITER will be built in a way similar to the International Space Station, where there will not be cash contributions, but contributions in kind, in components and manpower. Do you have an idea yet of what different countries would be contributing to ITER?

Ohtake: Actually, the concept of the construction of ITER is that we think of the contributions in two ways—contributions in cash, and contributions in kind. For management matters, it is necessary to have cash for implementation and organization. We are going to set up an international legal body for ITER; so for the management and day-to-day business, it is necessary to have cash contributions.

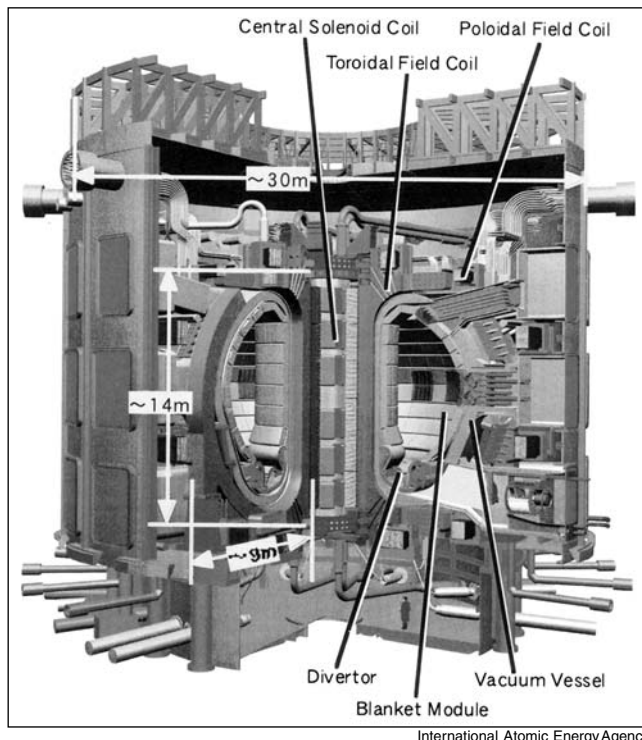
Regarding the construction itself, we will contribute in kind, which means, for example, that some country will contribute the magnets. For the time being, the three major ITER parties can take care of all of the parts of ITER, but if we have some other parties join ITER, we would rearrange the share of each of the partners and the newcomers could contribute in kind, as well.

The negotiations just started last November, so we don't know in detail about these cost-sharing matters yet. At this time, it is possible to discuss only the very initial sharing of contributions. I think that, in the United States, you have very good industrial potential, and I think if the U.S. decides to reenter, your country would find some parts that are interesting to industry, and it would be very good for ITER itself.

EIR: The Japanese plan, then, is to try to encourage the United States to reenter. But it seems to me that the partners are making a commitment to go ahead and construct ITER, even without the United States. Is that the case?

Ohtake: Frankly, U.S. reentry is quite important, but not conditional. It would be better, but is not inevitable. After the U.S. got out of ITER, the remaining major parties—our engineers and researchers—made a great effort to downsize ITER [in cost] and carried out the task of the engineering design activity. We are very confident that they can do the work of ITER for the time being.

What is more important is that after constructing ITER, we will have a burning plasma, and this is an essential and important step to make nuclear fusion into a source of energy. We can share this goal with all of the international partners who have the potential to carry out this kind of scientific and engineering work. We are open to every country and also to the United States, especially, because we are old partners, and there is no doubt that the United States has a top, world-class fusion potential. So we encourage them to reenter. It is up to the United States to decide, but what we



The International Thermonuclear Experimental Reactor is slated to begin construction in 2003. Its purpose will be to produce a burning plasma, and to make sure of the possibility of fusion as an energy source.

can do is encourage.

EIR: Are there other countries that have expressed an interest in participating in ITER?

Ohtake: Yes. China showed an interest in ITER first, and Korea expressed an intention to participate. China shows a very apparent interest. We are glad to have a sign or proposal from other countries to get into ITER, because they can contribute real work. Each member has to contribute. It is necessary to have some statement from the newcomers, a commitment.

EIR: If they wanted to enter at this time, going into the construction phase, how could they contribute?

Ohtake: If they do not have the potential to contribute hardware, cash is also needed. Each member has to contribute hardware or cash. They would enjoy participating in the learning phase. And in the operational phase, they will have a chance to do experiments.

ITER will produce a burning plasma continuously for several minutes or several hours. It will be the first time for us to have a fusion system on the ground. Scientists, or researchers, and engineers would like to do experiments. From the scientists' point of view, they want to know what is going on in a burning plasma, which is a complex system, quite different from the elementary particle question, or something

like that. It's a very huge, complex system.

From the engineering side, they would like to know how to produce energy from the burning plasma, using some apparatus for exchanging the energy of the fusion neutrons, to produce high-pressure water, which will require some intermediate process. ITER is an engineering reactor, so the goal is not to make energy on a full scale, but some engineering phase or trial to make boiling water will be carried out, and in some case, we can produce a small generation of power.

EIR: What is the schedule now for ITER?

Ohtake: The schedule for ITER now is that we have to make the so-called joint implementing agreement between the parties. This is the legal framework, which will provide the duties and rights of the parties. This work will continue up to the end of 2002. In order to finalize the draft of the joint implementing agreement, it is necessary for us to decide a site, and we are scheduled to decide in the middle of 2002, in May, or a little later.

As you know, Canada has already offered a candidate site, and Europe is finishing a technical assessment of Cadarache, in the south of France. Spain, an EU member, has given a very preliminary intention to invite ITER there. Their technical assessment is not finished, just their intention was shown.

In Japan, we have finished the domestic site assessment, which is a technical assessment, but we haven't yet confirmed a conclusion about a site, as the Japanese government hasn't yet decided on a formal position in ITER. The discussions are now continuing on whether we will be hosting ITER, but we have finished the technical assessment of the sites.

Three prefectures (we have 47, like your states) offered, or showed an intention, to host ITER. They were Hokkaido, Ibaraki, and Aomori. After the technical assessment, Ibaraki and Aomori are eligible for the building of ITER. So we have, at least, in Canada, the Clarington center; one in France; maybe Spain; and two eligible sites in Japan. Now that we have at least three candidates, we can discuss making a joint site assessment and discuss cost sharing. Then we will finalize the agreement. In some countries, the agreement will need to be ratified, like a treaty.

We hope to start the construction phase in 2003. It will take two years to establish the international organization to carry out the construction, operation, and decommissioning of ITER. The construction will take ten years.

EIR: Why will it take that long?

Ohtake: Because there are many high-technology parts, such as the toroidal magnets. There are 19 such superconducting magnets, which require new materials. Making the superconducting wire takes a lot of time and is very difficult. It has a complex structure. In Japan we have a stellerator machine, which has a very long helical magnet, and to wind up this magnet takes two years. Then the magnet will have to be tested, and finally it will come to ITER.

The construction process can possibly be shortened by

two or three years. Then we are in the operational phase, for at least 20 years. For the first 8-10 years, we will be "warming up" ITER. First, there will be experiments introduced with a simple hydrogen plasma, in order to test and condition the metal machines. Then, they will introduce the deuteron, or double hydrogen. Finally, they will introduce deuterium and tritium to produce the real fusion phenomenon. Then they will start real engineering and science experiments.

For example, we will introduce a new type of blanket, which will be used to pull energy from the burning plasma and convert the neutron energy into high-pressure boiling water. Or we can use the fusion neutrons to make tritium. Fusion neutrons can be used together with the light metal lithium, and you have tritium. That is one of the advantages of fusion, that it can produce energy and its own fuel. We will have about ten or more years of energy experiments. Engineers and scientists will get the results and we will have enough experience to transfer it to the energy-producing machines from the experience on ITER.

EIR: There is concern in the U.S., that if money is spent on international collaboration, there may not be funds for a robust domestic fusion effort. How is this viewed in Japan?

Ohtake: We have the same issues in Japan. After the reform last January, almost all of the fusion programs in Japan are under the supervision of my office, in the Ministry of Education. This allows us to organize all of Japan's fusion resources.

The real problem is that there are limited resources, which we must know how to allocate properly. ITER is an international, single-purpose machine. Its major purpose is to produce a burning plasma, and to make sure of the possibility of fusion as an energy source. That is the major purpose of the machine — not science.

It is necessary to maintain good potential fusion science research in Japan, for two reasons. First, because compared to the United States, in Japan our energy problem is very serious. We have no petroleum sources, as you do in Alaska, or Texas, so energy is quite an important issue. Even if ITER is a great success, we need a domestic fusion energy system. Our energy security in Japan won't be solved just by ITER, so we need to have our own fusion system in Japan.

Second, ITER is a very long-term project. As I joke, when ITER is finished, I will be retired. So we must continue to secure good human resources and personnel regarding fusion research in Japan: Scientists will work on ITER, carry out good experiments, and then return to Japan and advance the results in the research in many ways. We need top-level plasma machines in institutions in Japan, in parallel with ITER. We must maintain plasma science.

In many institutes and in universities, there are small plasma machines in Japan. It is apparent that it is not realistic to have ITER in addition to all these small machines all over Japan. So we started discussing our plasma science programs with all the university directors of fusion science, and how to improve Japan's domestic fusion program. We have six or

seven mid-size or large-scale machines now in Japan, but, probably in the future, we will have three or four advanced top-class machines, and all the universities and laboratories will cooperatively use these machines. For very small machines, it's okay to have many, because they do not cost much, so they will maintain these machines using research grants.

Some middle-scale machines, if they would like to keep them, will be only "out of fashion," and not be involved in the top-level research, so they have to change. They can share time on the top-class machines, which is also done with accelerators. I have been discussing this with many university professors, and they are now aware of the situation. The Japanese economic situation is *so* bad, it is not easy to have so many devices, or a plentiful budget from the finance authorities for the fusion programs. We should have the best use of the limited budget to maintain fusion research.

EIR: What kind of financial commitment would be required for Japan to host ITER?

Ohtake: During the construction phase of ITER, the peak in the annual budget for the host country will be about \$400 million. The total ITER cost will be 1.2 trillion yen, or about \$10 billion, over 35 years. This includes, in the final five years, the cost of decommissioning. The host country, if it is one of the three major partners, would be responsible for 50% of the total budget. This breaks down in the following way.

During construction, the cost-sharing will be divided into two parts: first, the non-common part, which means the buildings and infrastructure, which the host country should provide. The second, common part, is made up of the components, such as the magnets, which the participants will bring to ITER, with the fabrication work done in the participating countries. The non-common infrastructure part should be about 20-25% of the total construction cost. It means that the rest, about 75-80%, is the common part, to be shared by the major partners. If there are three partners, the host country will share 25% of the common part, or the hardware, and also be responsible for the 25% of total cost that is the non-common part, or 50% of the total.

One problem in the Canadian proposal, is that Canada is not willing to pay the total of the non-common part cost, I've heard. The resources are not enough to take care of all of the non-common part.

If Japan were to host ITER, at some time in the construction phase, it would cost \$400 million for the peak funding year, which would compare to the \$200 million that should be budgeted for the domestic program every year. So we need to add double to our resources, to host ITER. I am looking into using some of the resources in the Atomic Energy Utilization Program, which has a huge annual budget of \$3 billion this year, under the Ministry of Education. Within that \$3 billion, we are trying to reshuffle that program, which funds our nuclear projects and accelerators, and squeeze out \$400 million for the peak funding year of the ITER fusion program. And it should be possible to secure the \$400 million in addition to

the \$200 million. It is worth a try.

EIR: When will Japan decide if it will participate in the construction phase of ITER, and offer a site to host the project?

Ohtake: Japan is still discussing this. The Atomic Energy Commission has decided on participation, and now the supreme advisory board, which is chaired by the Prime Minister, the Council for Science and Technology Policy, is discussing it. They have issued an interim report. They recognize the importance and meaning of ITER, but will want to be convinced about its cost-benefit. Participation is assured, but hosting ITER costs double the resources, so they will think about it. If there is additional money, they will say yes, but the current situation is very severe, so they are doing everything imperfectly.

I hope that they will come to the conclusion that Japan will be hosting ITER. I feel fusion is a very difficult program. We need to have the experience of a burning plasma, and then be sure it is a good candidate for a future energy source. We have to pass this very high-level challenge.

EIR: People here often say to scientists, "You have been working on fusion research for 30 years, and we still do not have it. Why do you still keep doing it?"

Ohtake: In the case of fusion energy, people don't know very much about it. In Japan, the case is the same. Fusion is something like a mirage, because some of the researchers said in the 1970s that in 30 years, you can have energy. Now 30 years have passed, but still we say, 30 years from now. Some of the leading politicians in Japan say this, so we have been discussing this. We do not have so many possible energy choices. Of course, we have some renewable sources like solar energy or hydrogen. But solar energy is not a large-scale energy source. It should be a local, complementary energy source, but it is not possible to replace oil-burning systems, or coal systems, or nuclear fission reactors with it.

Hydrogen should be a secondary energy, like gasoline for cars, because it is necessary to have a strong electricity source, or hugely powerful source of high temperature to produce the hydrogen. So fusion is one of our future choices. That is why we pursue this possibility. It costs a lot, I know, but if we can be successful with a burning plasma, a very convincing new alternative will be assured.

EIR: In the United States, fusion research has received very little funding or public attention. How would participating in ITER help that situation?

Ohtake: ITER is a great international, and very encouraging, endeavor. If we introduce the question of U.S. participation, we can reinvigorate the discussion in the United States. I think we are ready, in any case, to start to build ITER. But for fusion science, for all human beings, it is better for the United States to participate. The United States' potential to carry out fusion research should be reinvigorated, and it will be of great help for all human beings. That is what I honestly feel.

In Time Of Global Crisis, China Needs Scientific Economic Development

by Mary Burdman

At a series of economic policy summits in November-December, China's national leadership has spoken with unprecedented bluntness of the urgent need to maintain *real* economic growth in the face of the world's worst economic crisis "in 20 years." On Nov. 27-29, the heads of China's government and Communist Party met in Beijing for the Central Economic Working Conference, the annual economic planning summit. This was followed by the National Planning Conference on Dec. 2-3, where Minister Zeng Peiyan of the State Development Planning Commission (SDPC) reported on the situation this year and for the future.

Since September, there have been more and more warnings in China's national press, not to underestimate the heavy impact of the "cold current" in the world economy on China.

"In 2001, the pace of the three major economies of the United States, Japan, and European Union has further slowed down; world economic development has encountered difficulties unprecedented in the past 20 years," wrote *People's Daily* on Dec. 1. "The deterioration of the international economic environment will be worse than the Asian financial crisis. The acceleration of economic globalization has been an added burden on many countries and regions around the world."

Industrial growth, in official figures, is slowing steadily. From over 10%, year on year, at the beginning of 2001, it fell to just 7.9% in November, the slowest rate in China in two years. The growth of exports has crashed: In 2000, China saw an astonishing 27.8% growth in exports; this year, the rate of growth will be only about 4%.

China's reaction has been to reconfirm the primary importance of its "New Deal" policy, initiated since 1998. At the core of this vast national development program, is a set of great infrastructure projects funded by special treasury bonds issued at a rate of well over 150 billion yuan (about \$18 billion) a year. In 2002, Beijing will issue another 150 billion yuan in special bonds.

In his report on Dec. 2, Minister Zeng Peiyan stated that what is now essential, is to maximize deployment of these long-term construction bonds to ensure sufficiently rapid and effective economic development. Funding must be planned "conscientiously," to ensure completion of projects already under construction, especially in western China, he said. By the end of 2002, a group of water management, power grids for rural areas, school reconstruction, and road projects will

be completed.

The central government will push for "general speeding up of progress" on key projects, which include the Three Gorges Dam on the Yangtze River; the Qinghai-Tibet railway, the first ever railroad to the "roof of the world"; the natural gas transmission pipeline from Xinjiang to Shanghai, and west-east power transmission grids. Other critical projects will also be speeded up, and launched earlier than planned. Already next year, these will include a network of highways in western China, a water resources protection project in Beijing, and, most important, the long-planned "Move South Water North" project, to channel water from the Yangtze River to China's dry, densely populated grain belt in the north.

Investment of treasury bond funds will be accelerated in the first half of 2002, to stimulate growth in the face of the global slowdown, Zeng said. Technological upgrading of Chinese industry, especially "traditional industry," and enterprises, is another national priority, including that "key equipment be made in China," Zeng said.

The other top priority is tackling the problems facing China's huge rural sector, where 70-80% of the 1.3 billion Chinese people still live and work. Infrastructure construction must be intensified to improve peasant production and living standards. Energy supplies are critical, Zeng said. Millions must be employed, and the small city and town economy must be "actively developed." Modest estimates put China's "surplus" rural labor force at 150 million workers.

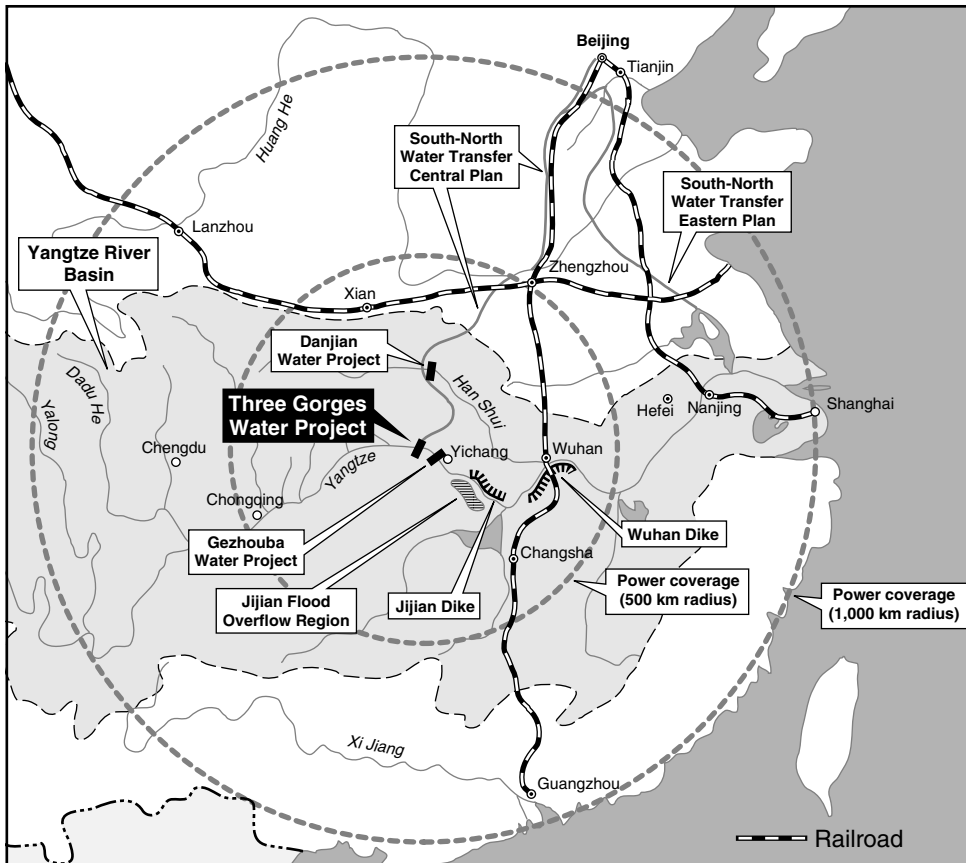
Critical also for China's "sustainable development capability"—which in China means a rate of economic growth which can sustain real progress—is developing education faster, promoting overall progress in health and culture, and environmental protection. This is not what it appears in Western terms, where the "green" ideology provides a cover for shutting down industry and advanced technology. For nations such as China and India, clean air and water and sufficient forest cover, are vital for national health and safety.

Zeng Peiyan also said that China must now move toward a situation in which "enterprises make independent decisions, banks evaluate loans independently, and government provides macroeconomic regulation and control."

All this must be done, while China enters the World Trade Organization (WTO), a circumstance which will most likely force China, which has maintained a trade surplus for years,

FIGURE 1

How The Three Gorges Dam Works With China's Water And Rail, And Power Infrastructure



into a trade deficit. As Trade Vice Minister Zhang Zhigang said on Dec. 11, this means that China will face an “extremely grave” economic situation in 2002.

The New Deal

As the *China Economic Times* wrote the first week of December, China’s economic growth “is largely attributable to the series of stimulus measures adopted by the government since 1998,” financed over the past four years by over 500 billion yuan (\$60.2 billion) in government bonds.

The critical problems for China now, are the “widening income gap and a slowing income growth, especially that of farmers and low-income residents,” the article stated. In 2000, farmers’ per-capita income was only 35.7% of that of a city resident, and the gap is growing. At the same time, the U.S. economy “runs the risk of sliding into further recession, which will directly have a negative impact on China’s exports.”

In January 1998, as financial crisis was wreaking havoc in Asia, Deputy Prime Minister Li Lanqing announced a \$750 billion development policy for China, at the Davos, Switzerland, World Economic Forum. The core of this program was

to be government investment for infrastructure construction.

In March that year, *Outlook*, a leading national magazine, wrote that “China’s reforms and development need a Chinese-style New Deal.” The same month, *China Daily* reported that the new Prime Minister, Zhu Rongji, “is poised to launch the Chinese version of Roosevelt’s New Deal this year. . . . Zhu has made it clear that massive investment will be channeled into infrastructure, echoing Roosevelt’s bid to revive the American economy in the 1930s.”

Construction has included energy, railroads, roads, and water and reforestation projects. However, China remained too dependent upon its exports to the United States, Japan, and Europe. For the past 20 years, policymakers in China had focussed upon building low-value-added export industries along the east coast, and seeking for-

foreign investment to speed up the long-isolated economy. Now, the external dependence of China’s economy is around 40%, with China’s annual exports equivalent to approximately 20% of GDP. Dependence upon trade in itself is not a problem—Germany’s economy is at least one-third trade dependent. However, China’s low-technology exports leave it dangerously vulnerable to the state of its more advanced trade partners.

As the crash of the U.S.-centered “New Economy” bubble became ever-more-painfully obvious throughout 2000, Beijing began to realize the peril of depending upon export growth. In 1998, People’s Bank of China Governor Dai Xianglong had said that China could sustain a 15% yearly increase in fixed asset investment—about 3 trillion yuan (\$361 billion)—if the GDP growth rate was at least 8%. That was maintained, according to official figures, during 1996-2000, but by 2000, China’s GDP growth was 7.8%. This year, at best, it will be 7.4%, worth 9,645 billion yuan (\$1.09 trillion).

In December 2000, it was announced at the Economic Work Conference that “China’s advantage lies in its huge domestic market,” which must be the basis of economic

growth amidst the “intensifying competition in the international market and changes in the world economy.” The center of the 10th Five-Year Plan 2001-05 would be a group of infrastructure “projects of strategic significance.” Overall during January-October 2001, infrastructure investment rose 11% year-on-year, to 970.3 billion yuan (\$117 billion).

‘Coming To Naught’

As Bank of China Governor Liu Mingkang stated at the Ninth Sino-Japanese Economic Symposium in Tokyo on Dec. 1, “The uncertainty factor brought on by the ‘11 September’ incident visited a deep negative influence on the global economy, which had already been in a long-term slide. In October the industrial production indicator for the United States manifested a continuous 12 months of decline; this was the first time since 1942.” This “will cause all the efforts by the Asian economic exporters, to restore and revitalize following the Asian economic crisis, for the most part come to naught.”

The “development of the Chinese economy has been unique,” he said. The currency’s exchange rate is stable. China has high foreign exchange reserves and “extremely abundant” savings. Total savings in China are 7.1 trillion yuan, and “the annual increase in savings is sufficient to support project loans with a total of 8 trillion yuan or \$150 billion,” said Liu Mingkang.

Beginning already in early 1997, the government made “a timely adjustment of the developmental direction of the Chinese economy, turning the export model into an internal demand pull, ensuring that under a situation of negative international influence, Chinese GDP would still realize a fairly stable growth,” he said.

Exports Collapse

Touring Hebei province in early November, President Jiang Zemin called on the nation for “clear thinking under the complicated domestic and international situations.”

The third-quarter figures published by the People’s Bank of China on Oct. 29 revealed the impact of the accelerated collapse of the world economy after Sept. 11. Bank President Dai Xianglong and other economic experts reported that “full attention must be paid on the negative impact” of the U.S. situation on China’s economy. Areas being affected are trade growth, rate of growth of foreign exchange reserves, inflow of foreign capital, the exchange rate, and interest rates.

Official commentaries from the Ministry of Foreign Trade and Economic Cooperation, report that the severe decline in export growth, is “due to the U.S. economic downturn, and the general depression of the world economy.” At the end of the third quarter, the trade surplus, at \$13.4 billion, was down 30% on the same period of last year.

In Shanghai, China’s largest port, exports grew only 0.4% and imports fell by 5.7% in October. In Hong Kong, which last year was the world’s busiest container port, its exports, mostly goods being transhipped from China, fell almost 14% to a three-year low in October. Cargo volume through the port

will likely contract in 2001.

Joining the WTO will exacerbate the problem. Bai Hejin, director of the Macroeconomic Research Institute of the State Development Planning Commission, warned that China faces a reduced trade surplus, and even a trade deficit during its first years of WTO membership. Speaking on Dec. 6 at the China Development Forum in Beijing, Bai Hejin said that due to international economic recession, “we are experiencing a difficulty, which is more severe than that when Asian financial turmoil swept parts of the world in 1997-98.” It “is not an easy task for us to achieve a growth rate of even 3-4%” in exports, he stated.

Investment Creates Wealth

Government investments in infrastructure, which are the “heart of China’s economic stimulus packages, will continue as the driving force for China’s economic growth in 2002,” Wang Chunzheng, vice minister of the SDPC, said at a business conference in Beijing on Dec. 7.

It is clear, Wang Chunzheng said, that government-funded investment has played a more important role than either consumption or exports in spurring economic growth this year. From January-October 2001, fixed asset investment rose by 17.4% year-on-year, the best level in several years. State-owned and other sectors made “fixed-asset” investments of 1,842.4 billion yuan.

In contrast, consumption grew 10%, and exports, so far, by 6%. Government economic think-tanks do *not* expect consumption to rise, and the outlook for exports is considered—at best—“uncertain,” due to the “volatile” global economic situation. China is trying, including with a series of international tours by top leaders, to expand trade with new markets, such as Russia, Ibero-America, and Eastern Europe, but this will take time.

In late 1999, China decided to issue more treasury bonds for technological improvement of key industries and enterprises, and billions of yuan in bond revenue have been allocated to key industries, such as metallurgy, textiles, petrochemicals, non-ferrous metals, machine-building, electronics, information technology, and paper. Over three years, some 25 billion yuan has gone into this sector, Li Rongrong, Minister of the State Economic and Trade Commission (SETC), said in mid-November. These funds were used to subsidize the enterprises’ interest payments on bank loans, directing the flow of bank loans, and increased overall investment.

About 1,200 such projects have drawn 220 billion yuan of investment and 172 billion yuan of bank loans. “That means one yuan of treasury bond has mobilized ten yuan of investment and six yuan of loans for technological upgrading,” Li said. Such upgrading gives “huge development momentum” to the national economy, another SETC official noted. Some 600 projects which will be operating this year received about 155 billion yuan investment, including 17 billion yuan from treasury bonds, and alone will generate tax revenue of 8.8 billion yuan.

“The government will give subsidies to those key profit-making products, enterprises and industries needed in the market,” SETC Vice Minister Xie Xuren stated. The government had spent 19.5 billion yuan to subsidize interest payments on state-firms’ loans for technological upgrades in 1999-2000—despite the fact that the WTO, which China has just joined, considers such subsidies as “unfair competition.”

The most serious problem remains, that although the portion of investment into research and technological innovation is rising, this is from a very low base, as the *Economic Daily* pointed out on Dec. 15. Overall, only 15% of investment is into R&D, far too low for a nation which needs great leaps in technological capacity to ensure basic progress for its huge population. At the same time, there is the serious problem of the “Dofu” projects: badly constructed roads, bridges, and other infrastructure, some of which have even collapsed.

It is notable on this front, that the Association of German Machine-Builders reported in October, that despite 12-20% collapses in new orders, German machine-tool exports to China had risen 58% in the first seven months of 2001. For mining equipment, wood-processing, and industrial conveyor systems, the increase was even 130% over the same period. Some \$10 billion-worth of new industrial contracts were signed between German and Chinese firms during Chancellor Gerhard Schröder’s visit to China on Oct. 31-Nov. 2.

The national policy to “Develop the West,” China’s underdeveloped interior, is having an effect. This policy was announced in March 2000. While GDP and other such figures are extremely unrevealing as far as real, physical economic developments are concerned, the SDPC reported in early November, that fixed asset investment had risen 25% in 12 provinces, regions, and municipalities in western China. This investment included reforestation and construction of ten key projects, at a combined cost of 20 billion yuan. More projects were begun this year, which will cost about 300 billion yuan.

The True Science Of Economics

The essential question for China remains the incredible task of transforming a nation of 1.3 billion people into a modern industrialized nation. Of these people, as many as 800-900 million remain in the rural sector, where economic growth, and therefore their real living standards, have been stagnating for at least a decade.

There is certainly realization, at the highest levels, that this is an *existential* problem for China, and must be solved.

It is here, at this vital point, that Lyndon LaRouche’s unique understanding of the *science* of economics, must be discussed and absorbed in China, as is being done in Russia, India, and other nations. In his discussions since 1989, of the great challenges and opportunities of developing the Eurasian land-mass, and in recent visits to India and Russia, LaRouche has emphasized those essential principles for the science of national economic development.

“Over 50% of an investment in any effective economy, is

in basic economic infrastructure, which is by the state. . . . A healthy economy, is *dominated* by the nation-state,” LaRouche recently told a group of economists in Guatemala. “The nation-state provides regulation, *intended to promote the general interest*; nothing else, for *all* the population, and *all* of the people. This will take 50% of the total, physical activity of government of any healthy economy: investment and maintenance of basic economic infrastructure.

“This is done either by the public sector directly, through government operations, or through *highly regulated* utilities which are chartered by governments” (see *EIR*, Nov. 25, 2001).

In discussions in Europe over the past decade, LaRouche has stressed the principle, that no private interest could have the interest, or should have the authority, to ensure the “general welfare” of the entire population, which is the responsibility the state to provide for infrastructure, including basic physical infrastructure, and scientific and technological research, education, and health.

At the same time, in the most genuinely successful and innovative Western economies, it has been established that agriculture and industry, especially machine-tool and related innovative, advanced technology sectors, “have never been successful except when run as essentially private, entrepreneurial enterprises.”

The state, however, remains responsible for “*fostering* technological progress,” including by the private, innovative advanced technology enterprises exemplified by Germany’s famous *Mittelstand*, the highly productive small and medium-sized businesses.

The heart of the matter, as LaRouche told a group of economists and others in New Delhi on Dec. 3, is the development of science (see *EIR*, Dec. 14, 2001). This is not what is known as “contemporary accepted science.” Such “science” is essentially Malthusian: “It does not allow for any radical change in fundamental principles of science. It does not allow for that kind of society. You teach people how to manage existing technologies, not how to introduce new ones.”

What nations such as India and China need is “good physical scientists,” who have “the impulse to go out and do what” these huge, underdeveloped nations need. That is, to “develop science, and apply it to . . . production, . . . to raise the level of productivity of the land and people.” In contrast to economics as a physical science, “economics, as taught today, is linear. Linear mathematics, which has no correspondence to physical reality. It is at the blackboard; it is on the computer; it is linear.” Instead, science and economics must “improve the productive powers of labor,” LaRouche said. Science must be explained by work, by actual production, and not on the computer. The fundamental issue, is “man’s increased power over the universe, the power to exist, the power to increase the life-span of populations, and by increasing the life-span of populations, increase the possibility of the development of populations.”

Russian Scientists Welcome LaRouche

by Rachel Douglas

Lyndon H. LaRouche, Jr. and Helga Zepp-LaRouche made a four-day visit to Moscow the week of Dec. 10, during which they attended the International Symposium “Space And Time In The Evolution Of The Global System ‘Nature—Society—Man.’ ” This event was held on Dec. 14-15 and dedicated to the memory of LaRouche’s friend, the Russian scientist Pobisk Georgiyevich Kuznetsov, who died on Dec. 4, 2000. LaRouche spoke at the symposium, taking up again “The Spirit Of Russian Science,” the topic of his recent paper of that title, which was delivered on his behalf at an earlier Moscow scientific conference, on Nov. 27-28 (see *EIR*, Dec. 7, 2001).

LaRouche addressed several other seminars as well, including one hosted by Academician Dmitri S. Lvov at the Central Mathematical Economics Institute (CEMI) of the Russian Academy of Sciences, where LaRouche’s presentation was called “The Global Financial And Economic Crisis And The Strategic Role Of Russia.” The LaRouches also had individual meetings with Russian scientists and politically active persons. On Dec. 13, they were received by Moscow Mayor Yuri Luzhkov. Representatives of the media were in the audience at LaRouche’s public events, while the popular Channel 3 TV program “Russky Dom” (“Russian Home”) taped its own interview with him. The December issue of the Russian magazine *Valyutny Spekulyant* (*Currency Dealer*) had just come out, featuring LaRouche for the second month in a row, this time with an interview about the global financial crisis.

In all, several hundred members of the Russian intelligentsia, including economists, other scientists, political figures, Russian Orthodox Church clergy, and journalists, heard Lyndon LaRouche in person and were able to interact with him during question-and-answer sessions after his speeches. Hundreds of copies of the latest translations of LaRouche into Russian were distributed: a translation in full of “What Is Primitive Accumulation (On Academician Lvov’s Warning)” (*EIR*, Aug. 17, 2001), and excerpts from “The Spirit Of Russian Science.”

This was LaRouche’s second visit to Russia this year, the first being his arrival



Lyndon H. LaRouche, Jr. addresses a symposium in Moscow on Dec. 14, in honor of the late Russian scientist Pobisk Kuznetsov. Kuznetsov's portrait is at the front of the podium.

to testify at June 29 State Duma (lower house of parliament) hearings, convened by Economic Policy Committee Chairman Dr. Sergei Glazyev, on the possibilities for nations to survive the global financial crash. The exchanges of ideas during those visits deepened the dialogue between LaRouche and the Russian intelligentsia, which has become a scientific and policy-shaping force on a world scale over the past two decades.

There are two reasons for the special power of such a dialogue. One is Russia's status as one of only three national political cultures, in which the leading persons think in terms of their actions making an impact on the whole world (the others being the United States and Great Britain). The second reason, is the special nature of the Russian intelligentsia. LaRouche commented that the participants in the memorial symposium for Pobisk Kuznetsov, represented a higher and broader array of fundamental scientific competence than would be found in any comparable meeting, in any other nation of the world today. "Only in India and Italy," he noted, "do we meet a significant representation of intellectual life, comparable to that in Russia." The Russian scientists persevere in their creativity and intellectual integrity, despite the murderous poverty in which a majority of them live, and which resulted from the imposition of radical liberal economic policies upon Russia in 1991-98.

The Living Memory Of Pobisk Kuznetsov

Russian intellectuals and political figures are following LaRouche's analysis and proposals extremely closely; some

of them have been doing so since the early 1980s.

LaRouche's direct conversations with Russian scientists date back to 1994, when Pobisk Kuznetsov hosted LaRouche on his first visit to Moscow (*EIR*, June 10, 1994). LaRouche had been visited in prison the previous year by their mutual friend, the late Prof. Taras V. Muranivsky, who was to become LaRouche's closest collaborator in Russia. In the intervening years, especially after the Summer-Autumn 1998 turning point in the world financial crisis bore out LaRouche's forecasts and the need for his economic recovery proposals, the scientific work and writings of LaRouche have become better and better known in Russia. At these most recent scientific conferences, involving LaRouche and his collaborators, one after another Russian speaker has cited LaRouche's work, never in perfunctory fashion, but as the source of ideas that have been worked through, and are indispensable for that speaker's analysis of one or another problem of scientific investigation or political and economic analysis. Among them were scientists who now employ the unit of measure *La* (for "LaRouche"), introduced by Kuznetsov to express LaRouche's concept of "potential relative population density," and analysts who have mastered LaRouche's historical presentation of the deep, principled distinction of the American System of Political-Economy from British Imperial and other forms of monetarist practice.

The International Symposium "Space And Time In The Evolution Of The Global System 'Nature—Society—Man,'" was held at the Russian Academy of Continuing Education for Teachers. Co-sponsors of the conference, which

was dedicated to the memory of Pobisk Kuznetsov and the continuation of his work, were the Moscow Academy of Culture and Educational Development and the Schiller Institute. Prof. Yuri Gromyko of the Moscow Academy of Culture and Educational Development chaired the conference organizing committee, while Dr. Nina Gromyko was the scientific secretary of the symposium.

Lyndon LaRouche spoke during the opening session of the symposium, after Professor Gromyko's introductory remarks and a report from Kuznetsov's close collaborator Dr. Spartak Nikanorov, on "The Status And Further Development Of The Scientific Legacy Of P.G. Kuznetsov." LaRouche's remarks, in which he took up the contributions of the universal minds Dmitri Mendeleev and the Ukrainian-Russian Vladimir Vernadsky, were very well received by the audience of 100 scientists. A lively question-and-answer exchange followed his speech.

During an afternoon panel, Helga Zepp-LaRouche presented her October 2001 appeal for a Dialogue of Civilizations, which has been translated into Russian and was available in several hundred copies. On Dec. 15, Dr. Jonathan Tennenbaum of the Schiller Institute addressed the conference on the topic, "The Content Of Science Is The Process Of Its Development."

The General Breakdown Crisis

For all of his Russian audiences, LaRouche situated his remarks in what Rosa Luxemburg termed the "general breakdown crisis," which is currently under way. He discussed four topics, under that heading.

1. The nature of the attempted coup in the United States on Sept. 11, which was stopped—at least for the time being—when Russian President Vladimir Putin telephoned President George Bush and informed him that Russia had stopped the otherwise automatic escalation of mutual nuclear-forces alerts, with an order to Russian forces to stand down. The purpose of this coup, LaRouche emphasized, was to deceive the American population into believing that they were being attacked from outside the country, and thus to force the United States to adopt a policy that the President of the United States does not support.

2. The correlation of forces behind the Sept. 11 coup attempt and the policy they desired—the "clash of civilizations." LaRouche explained that the insane "Brzezinski-Huntington" strategy of provoking a clash of civilizations, which has its roots in British Imperial policies of the past two centuries and the legacy of Roman and kindred imperial behavior in still earlier times, went into a new, "live" phase in the Autumn of 1998, as a fear reaction on the part of Anglo-American elites to the disintegration of the financial and economic system on which their power is based. A turning point occurred after the collapse of the speculative GKO bond pyramid in Russia in August 1998, when then-Prime Minister Yevgeni Primakov visited India. In New Delhi, Primakov

gave voice to the Anglo-Americans' worst nightmare, when he called for a "strategic triangle" of Russia-China-India to form the basis for cooperation in Eurasia.

3. The strategic situation today thus features a confrontation, where, on the one side, the Anglo-American faction (in the United States, traceable to the British takeover of U.S. policy-making after the assassination of President William McKinley in 1901) threatens to launch the "Third Geopolitical War." World Wars I and II may be understood as the first and second geopolitical wars. On the other side, a number of key world leaders, including President Putin, are moving to adopt the perspective of uniting Eurasian nations to meet the needs of all humanity. Because of its unique identity as a Eurasian nation, and because—as a nation that has not been defeated or occupied during recent centuries—Russia is one of the three national cultures in the world, whose elites think in terms of their actions shaping events on a worldwide scale, Russia has a special mission to fulfill in this process.

4. The solutions to the crisis of mankind today, lie in the direction of a New Bretton Woods, and Eurasian-centered infrastructure development projects. As LaRouche emphasized in his remarks at CEMI, the Anglo-Americans feared what Primakov put forward, because they know it would work! Sovereign nation-states have the prerogative and the ability to declare an emergency bankruptcy reorganization of the economy, and to create state and state-backed long-term, low-interest credit to finance real development. The development of interior areas, such as western China and Siberia, provide the challenge of developing a frontier, as well as being necessary to generate the resources for sustaining a growing population in Asia and elsewhere.

While immediate measures may be defined to deal with the emergencies facing humanity, LaRouche repeatedly posed the task of effecting a more profound, durable transformation of human social and cultural relations, for which the contribution of Mendeleev, Vernadsky, and their followers is indispensable. We must change the relations among people, in such a way as to elevate them above the level of so-called "traditional cultures," so that they may locate their identity in the gift they can make to all humanity. Grappling with the scientific tasks of development—such fantastic challenges as the development of the Siberian frontier, which will be the greatest transformation of the Earth's biosphere ever undertaken—makes a profound political impact. Mankind is in a primitive condition, LaRouche said, with respect to what Vernadsky called the noosphere, the domain of noësis or human cognition, the consciousness of the power of the mind to make and test discoveries of scientific principle.

The intellectual and moral enthusiasm, with which LaRouche's second year-2001 visit to Russia was received, found expression in the comment by one senior analyst, who said, "Speaking as an atheist, I pray to God that you become President of the United States."

A Modern-Day Leonardo Reached Out To LaRouche

by Jonathan Tennenbaum

Pobisk Kuznetsov, a bold master of the fundamental science of change, could be and was described as “a Russian Leonardo da Vinci.” The significance of the direct dialogue which developed between Lyndon LaRouche, Pobisk Kuznetsov, and related leading circles of Russian science from LaRouche’s first Moscow visit of 1994, was an important theme of the Dec. 14-15 conference honoring Kuznetsov’s life and work.

Leading representatives of Russian science institutions, students, and friends of Kuznetsov, took part, including S.P. Nikanorov (Moscow Physical-Technical Institute), L.N. Vdovichenko (Apparatus of the Russian National Security Council), O.M. Yun (Center of Information Technologies and Systems for Executive Branch Agencies), I.Ya. Vyrodiv (Academy of the General Staff), V.S. Chesnokov (Presidium of the Russian Academy of Sciences), V.V. Yusyugov (International University of Nature, Society and Man in Dubna), and many others. Both Lyndon and Helga LaRouche made notable presentations; they follow in this *Feature* section, and then are followed by a brief biography of this remarkable scientific and creative spirit.

Genius Against Official Ideology

In his introduction to the conference **Prof. Yuri Gromyko**, President of the Moscow Academy of Culture and the Development of Education, noted, “In some measure, Pobisk Georgiyevich Kuznetsov was a symbol of Soviet science—of its component of genius, which tackled the most complex problems, and proposed unconventional solutions, doing this often not because of favorable social conditions for such work, but in spite of them.” Ironically, Kuznetsov, while he worked for the welfare of the country, and for its future, along its most promising lines of development, often “acted and lived at odds with official ideology, and against it, and suffered several times because of this,” including long years in the Soviet GULAG prison camps and political persecution in the 1970s.

Professor Gromyko emphasized Kuznetsov’s unique personal qualities, which were key to “the huge array of specific ideas and results from the implementation of scientific programs, which were achieved by Pobisk Georgiyevich in his work with many teams of scientists, as well as with friends. Insofar as Pobisk Georgiyevich was always in a state of creative thinking and problem-solving, everybody who came into his field of influence or encountered even just some part

of his ideas, was drawn into the intensive intellectual search process and dialogue, which he carried out, and was de facto, automatically transformed into a collaborator in that invisible domain of idea-generation, which existed around him.”

Later in the conference, Gromyko gave a first overview of some of Kuznetsov’s most notable achievements:

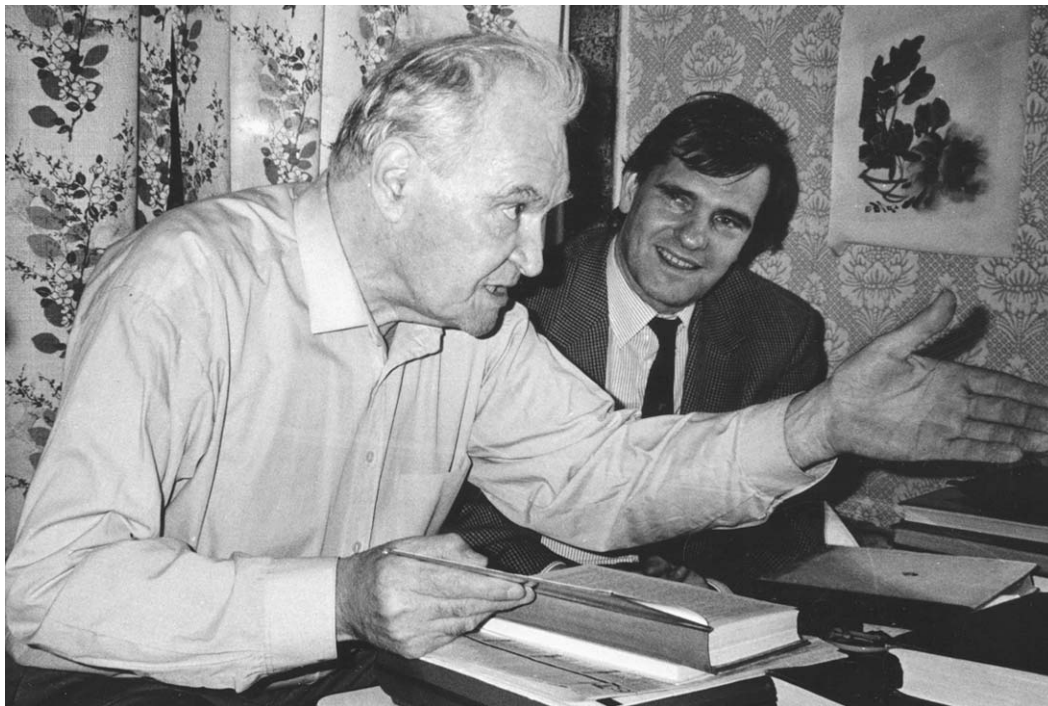
- A new concept of the phenomenon of life, leading to a critique of the concept of entropy.
- Pioneering work in the field of biophotonics and biochemistry, leading to a new approach to problems of biology and medicine, including the problem of aging.
- Creation of standardized methods for the organization and management of large-scale technological projects, widely used in the military-industrial complex of the Soviet Union (the famous “SPUTNIK-SKALAR” system).
- Application and extension of the method of generalized tensor analysis, originally developed by the American scientist Gabriel Kron, to the calculation and projection of large-scale evolving systems of a very general type.
- Development of methods for analysis of socio-economic processes on the basis of measurable physical parameters, and the elaboration of “laws of socio-economic development,” constituting a Russian counterpart to the Physical Economy of Lyndon LaRouche.
- Creation of new fundamental hypotheses concerning the origins of language and of ideal elements in human mental processes, based on analyzing the results of the Russian scientists Ilyenkov and Meshcheryakov on the teaching and development of deaf-blind children. This work also had significant applications to the design of computerized command and control systems (see below).

Gromyko noted, that Pobisk Kuznetsov’s work led him to a conception of “self-sustaining development,” opposed to the Malthusian conceptions often put forward in the name of so-called “sustainable development.” This was one of many points which brought Kuznetsov close to LaRouche and the Schiller Institute. In fact, Professor Gromyko stated in his introduction:

“The participation of the Schiller Institute and *EIR* in this symposium is of great importance for us, because a number of the ideas, put forward by Pobisk Georgiyevich, closely correspond to a number of the key ideas of Lyndon LaRouche. Or, one could say that several of the ideas of Lyndon LaRouche for us are a very important counterpoint to the ideas of Pobisk Kuznetsov. This applies, first and foremost, to his idea of the role and function of science in world development, to scientific-project programs for contemporary development, and to the idea of an anti-monetarist economics, which promotes the development of humanity, rather than genocide.”

Physical Chemistry and ‘Cosmism’

Kuznetsov’s many-sided activity was further illuminated in the speech by his longtime collaborator **Spartak Nika-**



Pobisk Kuznetsov in April 1994. His lifelong scientific work on the distinction between entropic and anti-entropic systems, and his investigation of the laws of physical economy, made him highly receptive to Lyndon LaRouche's science of physical economy.

norov, of the Moscow Physical-Technical Institute. Nikanorov, who worked with Kuznetsov for some 37 years, noted that Kuznetsov “had a striking ability to interpret his own ideas, in his interlocutor’s area of interest. One could discuss anything with him, as they say. . . . This ability of his was based on his understanding of the unity of science, and of current social practice as points of development.” He emphasized that the extent of Kuznetsov’s influence could not be judged on the basis of his published works alone; for, in addition, “conversations and the circulation of manuscripts played a big role. Kuznetsov’s influence spread to a broad circle of people from various social strata. In Kuznetsov’s address books are the names and telephone numbers of between 500 and 1,000 people.”

Kuznetsov’s work on physical chemistry, Nikanorov said, focussed especially on approaches and methods for chemical analysis, with special attention to effective methods for breaking the bonds in chemical compounds. Also, his work anticipated the enormous role of photochemical catalysis in the chemical industry of the future.

In an apparently quite different direction, Kuznetsov made major contributions to the practical applications of mathematical tensor analysis, and had pioneered the introduction of so-called network planning systems into management of the space sector, and many other sectors of the Soviet economy, leading to his central role in Russia’s famous top-level “Scientific Council on Planning Large-Scale Systems on the Basis of Physically Measurable Magnitudes.” In addition, Kuznetsov provided extensive assistance to commercial organizations, in developing their policies and strategies.

“It is generally accepted that Kuznetsov is a continuer of Russian Cosmism,” Nikanorov stated, referring to a philosophical tradition which includes such thinkers as N.F. Fyodorov, N.A. Umov, Father Pavel Florensky, the space pioneer Konstantin Tsiolkovsky, Vernadsky, and others, and which locates Man’s role in the lawful ordering and continuing development of the Universe as a whole. These ideas have exerted an important influence on Russian scientific thinking for a long time, without however having been scientifically established and elaborated in concrete practical form. Now, thanks to the work of Pobisk Kuznetsov, “for the first time in the history of this tradition, and in the history of human thought, the necessity of the ideas proposed has been understood and a detailed, elaborated concept created for a constructive worldview. Precisely this was the basis of his widely known concept of monitoring social development using physically measurable magnitudes.”

It was striking that speakers again and again referred to the work of the 15th-Century Cardinal Nicolaus of Cusa (Kuzansky in Russian), as a starting-point for development of the principle of measurability—including in humanitarian and social sciences—which Kuznetsov applied in his scientific work. From a different, but completely coherent standpoint, **Helga Zepp-LaRouche** brought up the crucial relevance of Nicolaus of Cusa for the “Dialogue of Civilizations” which has become a matter of life-and-death urgency for the world today. It was striking to see how much Cusa was a familiar concept to the Russian audience at the conference—unlike the state of general ignorance of such great thinkers of the past, now so prevalent among comparable Western au-

diences.

According to Nikanorov, Kuznetsov's "crowning achievement" was his appeal to the Secretary General of the United Nations, the political leaders of all countries on Earth, the leaders of the Group of Seven nations, and the heads of the religious confessions, which is so striking for its qualities of sincerity and directness." In those declarations, Kuznetsov called for international cooperation to end genocide and religious strife, and to create a new "life-support system" for mankind as a whole, utilizing modern technologies, and laying the basis for realizing the creative potential of humanity.

The Science Of Change

Another influential area of Kuznetsov's work, presented to the audience by **Larisa Vdovichenko**, a researcher attached to the Russian National Security Council, concerned the applications of advanced mathematical and data-processing methods to the analysis of strategic world events. Vdovichenko described how Kuznetsov's approach to large-scale systems had been applied to the development of sophisticated databases and computer-based projection methods for government use. She emphasized the crucial importance of Kuznetsov's approach on subsuming physical parameters—particularly energy flows—in analysis of international strategic developments.

It should be noted, in this connection, that the development of electronic data-processing and control systems in the Soviet Union differed very significantly from the Western development of "information technology." In part this difference was itself a byproduct of the fact, that Pobisk Kuznetsov played an important role in the development of unique Soviet solutions to the problem of human control of complex technical systems in real time—methods distinctly different from those associated in the West with Norbert Wiener's "cybernetics."

An interesting example was presented by **Mikhail Kulakov**, a former specialist on design of command and control systems for rocket complexes of the Almaz enterprise, and presently director of the Electron Power research center. A crucial aspect of solutions, elaborated in part in the context of development of advanced air defense systems at Almaz and other locations, is the generation of "visual representations of dynamic media" by computer systems, permitting a human operator to rapidly grasp the essential characteristics of an unfolding *process* involving a very large number of components and multiple layers of human decision-making. Interacting with the system by means of such visual-form representations, which focus on *change* rather than presentation of a momentary state of the system, the operator can immediately pin-point any malfunction or other emerging problem, from the level of the whole system down to its individual components. Kulakov stated that the exploitation of this interactive control technology constitutes a major source of the superior-



Pobisk Kuznetsov, who accomplished some of his most important scientific work in Soviet prisons, was so creative and universal a scientist as to be called "a Russian Leonardo da Vinci" by those who honored him in Moscow Dec. 14-15.

ity of the Russian C-300 air-defense system, as compared with the American Patriot system.

Kuznetsov's work on mathematics, logic, and the methodology of science, which developed in close relationship with practical applications in a wide range of industrial and technical domains, including the one just referred to, was discussed by several speakers at the conference, including **Mikhail Istomin** (philosopher, Member of Presidium of the Russian Academy of Sciences), **Andrei Petrov** (Academician of the Russian Academy of Natural Sciences), and **Prof. Boris Bolshakov** (International University of Nature, Society and Man at Dubna).

Istomin's talk, entitled "The Dialectical Method: Form And Content, From Nicolaus Of Cusa To Pobisk Kuznetsov," was fundamental, and a discussion of its main points would go beyond the limits of this brief article. Suffice it to say that Istomin summarized the attempt by Kuznetsov, based on a long historical line of philosophical work, to conceptualize what in Russia would typically be called "an objective law of the process of human discovery." The talk sparked a lively discussion among the conference participants, including the present author, centering on key issues which Lyndon LaRouche addressed in his speech.

Lively discussion also followed the presentation of **Jonathan Tennenbaum** of the Schiller Institute, entitled "The Content Of Science Is Its Process Of Development." This emphasized particularly the inseparable relationship between the content of science and the creative personalities of discoverers themselves, which are embedded as singularities in the developing manifold of human culture. No one can adequately understand Kuznetsov's scientific work, who has not

gotten a sense of his intellectual courage in the fight to overcome false ideas, his optimism and his humor—as this author was privileged to do, in the course of personal discussions. It is the same sense in which no one can be competent in physical science, who has not become “intimate friends” with Johannes Kepler, even across centuries of time, and reexperienced crucial moments of his discoveries.

Principle Of The Conservation Of Power

Andrei Petrov described Kuznetsov’s work on the method of tensor analysis for the handling of physical systems of extreme complexity, based on earlier work by the American engineer Gabriel Kron, whom Kuznetsov held in high esteem. Petrov also recounted the origin of the discovery of the significance of what Kuznetsov called the “Principle of Conservation of Power,” for the understanding of living systems as well as physical economies, whose evolution proceeds in the opposite direction as that implied by the so-called Second Law of Thermodynamics. Bolshakov recounted that one of Kuznetsov’s ideas, was to identify the unifying feature connecting the parts of a system, with the invariant of a group of transformations. This he used as the starting-point for a theoretical investigation leading to the establishment of the laws of development of the system. On this basis Kuznetsov, working in collaboration with Roberto Bartini, was able to formulate the notion of a “general law of Nature.” Applying the same method, Kuznetsov was led to the formulation of “invariants of the historical development of humanity,” and to develop practical methods for projection of the future.

In this context, Bolshakov emphasized the fundamental difference between Kuznetsov’s concepts for world development, and “the recommendations of experts of the United Nations, which were supported by the leaders of 150 countries, but which already then were obsolete by 50 years in comparison to Vernadsky, and by 100 years in comparison to Podolinsky. . . . The recommendations of the UN were based on the impact of the Second Law of Thermodynamics: to impose a limit on population growth and reduce consumption.” However, Bolshakov continued, “Kuznetsov had the opposite conception: to develop sources of development of the creative process, increasing the efficiency of new technical systems, discovering new sources of energy and new productive technologies. . . . This permits the integration of social and technological sciences.”

During the second day of the conference, several examples of revolutionary new technologies were presented, whose development owes much to Kuznetsov’s scientific work and his role as a prime organizer of “crash program” efforts in the Soviet Union. Here I shall mention only three examples.

One is a novel type of aircraft called an “Ekranoplan.” The Ekranoplan flies at extremely low altitudes (of the order of 3-10 meters) above the surface of land or sea, utilizing

the aerodynamic interaction with the surface (the so-called “screening effect,” or in Russian, “*ekran* effect”) to generate a large additional lift. It is thus able to transport heavy cargo far more efficiently than conventional aircraft, and faster than sea and most ground transport. It was Kuznetsov’s close collaborator, aircraft designer Roberto Bartini, who early on conceived the idea of exploiting the *ekran* effect to create revolutionary means of transport over any kind of land terrain, rivers, seas and oceans, including the vast tundra areas of Russia.

Ekranoplans were mainly developed, however, in secret Soviet military programs as a weapons platform and rapid-deployment vehicle. One of the prototypes, operating on the Caspian Sea, became known in the West as the “Caspian Sea Monster” after being photographed by Western spy satellites. According to a presentation at the conference, Pobisk Kuznetsov played a key role in overcoming design problems revealed in one fatal crash of the “monster,” opening the way to ongoing commercial development of Ekranoplans in Russia. Ekranoplans have now been developed that are so stable in their operation, that conventional pilot training is in principle not needed to operate them.

Another example is a method, presented at the conference by **Vladimir Serebryakov** of the Energiya Rocket and Space Association (where the famous Soviet Buran space shuttle was developed), for producing synthetic fuels from industrial flue gas, and eventually even from ordinary air! The process exploits technologies originally developed in the context of the Soviet manned space program, including especially the life-support systems, in which Kuznetsov played an important role. First, carbon dioxide is separated from the input gas using highly efficient ion-exchange membranes. Then, it is purified to high concentration, combined with water vapor, and electrochemically decomposed by high-temperature electrolysis to produce synthetic gas, from which a wide variety of hydrocarbon substances, including fuel for automobiles, can be synthesized. Nuclear reactors could supply the energy required for production of such synthetic fuels.

A final example is a “plasma torch” process for reducing industrial and domestic waste products to purified chemical elements and simple, industrially utilizable compounds, while generating considerable amounts of energy at the same time. This method, utilizing methods of precise plasma temperature control developed at the Kurchatov Institute in the context of nuclear programs, is now becoming available for commercial use.

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'Russia's Crucial Role In Solving The Global Crisis

The following address was delivered to an International Symposium, "Space And Time In The Evolution Of The Global System 'Nature—Society—Man,' " dedicated to the memory of Pobisk Kuznetsov, at the Russian Academy of Continuing Education for Teachers, in Moscow, on Dec. 14. Subheads have been added.

Because the time is short, I shall focus on what I consider would be most useful for me to say on this occasion, noting the fact that there have been published in other locations in Russia, or presented documents, which I have issued on such subjects as the significance of Vernadsky. So, I focus on the implications and certain aspects of the concerns of Pobisk Kuznetsov, from the vantage point of comparing him to Vernadsky.

We now are in a situation, in which the world may go into barbarism very soon. I've indicated the reasons for this, in other locations, and I've also indicated what I propose to be the remedies for the threat, of this immediate financial catastrophe. I've indicated, that if the world is to come out of this great financial, and monetary, and economic crisis successfully, Russia, as a Eurasian nation, *must play a very crucial, central role.*

Looking from the Atlantic Ocean to the Pacific Ocean, across Eurasia, we see countries, such as China, India, and Southeast Asia, and other countries, which are in great deficit in respect to the amount of technology they have, and can supply, to meet the urgent needs of their populations, as a whole. So the nations, such as China, Southeast Asia, and India, must now catch up with the technology they have not had and have not assimilated, or have not developed, over the recent century. To a certain degree, India has a significant scientific community. That capacity far exceeds India's needs. China has significant technology. But Chinese technology is far less than the urgent needs of China, as a nation, as a whole. The sources of this technology available within Eurasia, include Japan, Russia, and, mostly, Western Europe. As we can observe today — those of us assembled — that scientific potential in Russia, has been sleeping for a while, without work.

While related problems exist in other parts of the world, we can concentrate upon the Eurasian continent and the islands associated with it, as the typical center of the world's problem today.

The Greatest Transformation Of The Biosphere In History

This brings us to Vernadsky. One of the greatest concentrations of mineral and related resources in the world today, is an area, which includes Central and North Asia, including the tundra areas of Russia. Of course, it is possible to loot some of these resources, and ship them abroad at cheap prices. That would be a tragedy for Russia, and a betrayal of the interests of Eurasia, as a whole. So, I have proposed, that we must develop development corridors, superseding the Trans-Siberian Railroad, across Eurasia. Through large-scale water management, improved transportation, power generation, and other infrastructure, including human support infrastructure, in these regions, we can transform these areas of Asia.

To the west of Russia, in Europe, we have bankrupt nations: Germany, France, Italy, other nations. They are bankrupt, presently — nations which are traditionally producers of modern technology. So, there's a natural market for these parts of Europe — as for Japan — in Asia, if the proper system of economic development is organized. And Russia and Kazakhstan represent the principal conveyor belt of development, and other things, necessary to tie the potentials of Europe with those of various parts of Asia. This would require, and would mean, the greatest transformation in the biosphere, in the history of humanity.

Now, obviously, we can not do the kinds of things we've often done, in looting the biosphere. Often, at present, through looting policies, we degrade the biosphere more rapidly than we extract useful results from it; for example: mineral resources.

So therefore, when we are going to transform the biosphere, by means of a policy action, we must consider the implications of what we're doing, and approach the problem in a way which becomes, then, a net improvement in the biosphere, as the basis for man's activity. This forces us to think in terms of all modern economy from the standpoint of Vernadsky. And, here, as I view Pobisk's work, lies some of the central significance of this endeavor.

This also involves, how we look at man's relationship to the Solar System and beyond. This means that space exploration and space science become an integral part of developing life on Earth. As some Russian scientists know, the radiation not only from the Crab Nebula, which produces most of the cosmic ray radiation we experience, but other radiation, affects life on Earth and the conditions on Earth in various ways. For example, the question is posed, immediately, from the standpoint of Vernadsky: What is the differential relationship between the same radiation impinging upon a non-living process, and the same radiation impinging on a living process?

Vernadsky And The Principle Of Life

Then, look at this more generally. With that as preliminary, let me get to the core of my point. And put my relationship to Pobisk's work, not only for the past, but for the future,



Pobisk Kuznetsov organized a presentation for Lyndon LaRouche at the Russian Academy of Sciences in April 1994, during LaRouche's first visit to Moscow. The photo on the right is a scene from that event, with Kuznetsov in the center and LaRouche on the right. The photo on the left shows Kuznetsov on June 8, 1995, listening to a speech by LaRouche at the Moscow Methodological University. To his right is Prof. Yuri Gromyko, who chaired the organizing committee for the Dec. 14, 2001 conference in memory of Kuznetsov.

in that context, within the context of the work of Vernadsky. Now, Vernadsky, using the same methods of crucial, universal scientific proof, which had been used by Mendeleev earlier, made a *conclusive* scientific demonstration of the distinction of the principle of life, on the basis of biogeochemistry, continuing the work of such predecessors as Pasteur and Curie.

He also went further, and this comes to the question of what man should do about the biosphere. And I'll state the thing in my own terms, rather than exactly the way Vernadsky put it. What Vernadsky demonstrated (though I think not as conclusively as he would have wished to, had he lived longer), from the standpoint of physical science, is that man is made in the image of the Creator of the universe, and has special powers which no other creature has. This corresponds to a concept, first developed in known European civilization by Plato, in his dialogues. This is also a concept, which was developed in what are called "spiritual exercises" in certain aspects of Christian theology. So, this power is known, and we have ways of demonstrating it, as Plato demonstrated it with the dialogues, and as theologians sometimes demonstrate it, as well.

So, from Vernadsky's standpoint, with this background, the universe as we know it, is divided into three special kinds of interacting "phase-spaces." These are defined from the standpoint of experimental physics, as follows. We know certain principles, which can be proven experimentally, to be universal, from the standpoint of the assumption that the universe were abiotic — not a living universe. There are also experiments, as typified by the work of Pasteur, and Curie, and Vernadsky, that demonstrate that the abiotic universe is efficiently transformed by a principle which exists entirely *outside* the abiotic universe. This is the principle from which life-forms are generated, in the universe. This principle — "life,"

if you wish to call it that — is apparently very weak, relative to abiotic forces, but its persistence on Earth demonstrates, that life has increasingly transformed this Earth, so that more and more of the Earth is either living processes, or the products of the action of living processes.

Then we come to a third category: The power of individual human cognition, as expressed by the discovery of scientific principles, is also a force which acts upon *all* aspects of the universe, both the abiotic and the living, in the same way that the living processes act upon the non-living universe.

How Man Changes His Nature

Now, what Vernadsky considered, but did not undertake, in his late work, on this subject, was a question which I found Pobisk wrestling with, at the time I first met him: How can we represent a universe, which is composed of three concurrent, but distinct, phase-spaces? It was suggested to Vernadsky, but he didn't take it up — partly because of his age and condition, at that time. There is a unique mathematical-physical conceptual approach to this problem. It's called "Riemannian geometry." In particular, this geometry has a very specific name, of great significance, which is peculiar only to Riemannian geometry. That name is, "differential geometry."

This is not exotic. It's very tangible, very demonstrable, but like all scientific facts, it has to be demonstrated, to be made clear. This is where Pobisk became fascinated with my definition of "potential relative population-density," as a function.

So, the significance is this: What is the difference between man and an animal? An animal can not change his nature. Man does, we hope. How does man change his nature, in a positive way, of course? By making the equivalent of an hypothesis, which turns out to be *an experimentally provable*,

universal physical principle. By our adopting these principles, as we discover them, and by our cooperating in *using* these principles, we increase man's power in the universe, per capita, *in the only way possible*.

That is the secret. Therefore, if you wanted to have the best economy, if you want the kind of economy that can master the problems of the biosphere of Central and North Asia, you must change the policies of education, and qualification and employment of the labor force. You must make the educational process, including the university, the driver of the economy. You must get away from the textbook approach to education. You must burn all multiple-choice examinations. You must teach science the way it was developed: The pupil must experience the mental act of discovery, of the great discovery, from thousands, or hundreds, or tens of years ago. You must base the educational process on a heavy emphasis on *pedagogical experiments*. In other words, the child must—or the child, or the adult—the student *must* experience the paradox, which shows that the present assumptions of knowledge are false. The student must somehow develop the experience of generating the hypothesis, which solves that paradox. The student must experience the pedagogical experiment, which is sufficient to test the hypothesis. And the process of pedagogical experiments must be extended, as a habit, into fundamental-research experiments, which should be the driving concern of the university.

This must be a process, not merely of a few scientists; it must be the process of the entire population. You can not have a scientist directing, effectively, a scientific principle's implementation, to a bunch of working people who can't understand it. From my limited knowledge of Pobisk, if he were sitting here now, he would be laughing with pleasure, at what I am saying.

Look At The Condition Of The Mind

Now, finally one point. The idea that science is limited to what we call "physical science," is a great error. What we should look at, is not the idea of physical science as such, but we should look at the condition of the mind, which generates, successfully, the great discoveries of universal principle upon which we depend. I'll give just two examples on this point, in order to limit time. Take, first of all, the case of Johann Sebastian Bach: Now, Johann Sebastian Bach's work was rooted in some work by Leonardo da Vinci, earlier, at the end of the 15th Century. Leonardo, in a partly lost work, called "De Musica," defined the principles of singing-voice tuning. Leonardo explored the singing practice which had been cultivated in Europe at that time—that the human singing voice has six basic species, defined by registration. He examined this question of the singing-voice organization—which was well known at that time—but, he examined it scientifically, and left fragments of his "De Musica" to later generations.

In his life's work, Johann Sebastian Bach, who was from a long succession of Bachs in Saxony, in Germany, dealt with

the ironies of two things: the ironies of the way you compose a succession of two notes, and then try to sing a counterposition to those two or three notes, and make a composition out of that. From this, based largely on the impact of Bach's work, at a later time, on Mozart—in about 1782—there was codified what became known as "the Classical method of composition derived from Bach," which is characteristic of all Classical composition, in Europe, in all media, from the time of Mozart through Brahms. The key thing here, is: We're looking at—in music, or, particularly in well-tempered counterpoint—a relationship among persons, a *social* relationship, organized around the equivalent of scientific principles, which are discovered as physical principles.

A Happy Revolutionary

And then, you have a second subject, which will illustrate the same point. You have the work of the great composers of drama, which include the ancient Greek drama: ancient Greek tragedians; the work of Plato—his dialogues—which are actually a form of drama; the great successors of Plato, which are Shakespeare and Schiller, in modern times; and we have Pushkin, of course, in Russia, as echo of that.

The characteristic of great Classical drama, is: It's never fiction. It's always based on either a legend, which a society has, or on actual history. The subject of great drama, is to show how a culture, or a society, tends to destroy itself. The audiences of a good performance of great drama, walk out of the theater, as Schiller said, "better people than they walked in," because they have seen society on stage, society they recognize, destroying itself. And, they are *happy*, because now they know that this mistake *could have been avoided, with consciousness of the people of what that error is*.

And the greatest of Classical drama, does not really show tragedy. It shows people rising above tragedy, how one or more individuals, in a doomed society, discover the principle of action, which leads that society *to save itself*. Take the case—the famous one I often refer to—of contemporary times: 1962, Charles de Gaulle, the President of France. He was faced with a coup d'état by a terrible, fascist mob. And he used the television media, to address the French population, simply to exert leadership, and to say to the French, "Help me." It was possible for him to prevent tragedy, by exerting the proper form of individual leadership at the moment of great crisis.

So, in addition to this role of the scientist, who is also one of these sublime people, who lead nations out of potential failure, we must see physical science as simply one branch of a larger science, properly called "statecraft," in which the greatest Classical art is used to help a population *educate itself in the kinds of institutions and cooperation that society must employ to solve its problems*. That's why I'm a happy revolutionary. That's why I was able to recognize Pobisk as an essentially happy revolutionary: He had the essential quality of a great scientist—laughter.

Dialogue With LaRouche

Q: Mr. LaRouche, does not the presence of U.S. troops along the Asian underbelly of Russia, in Uzbekistan, link Europe with Asia?

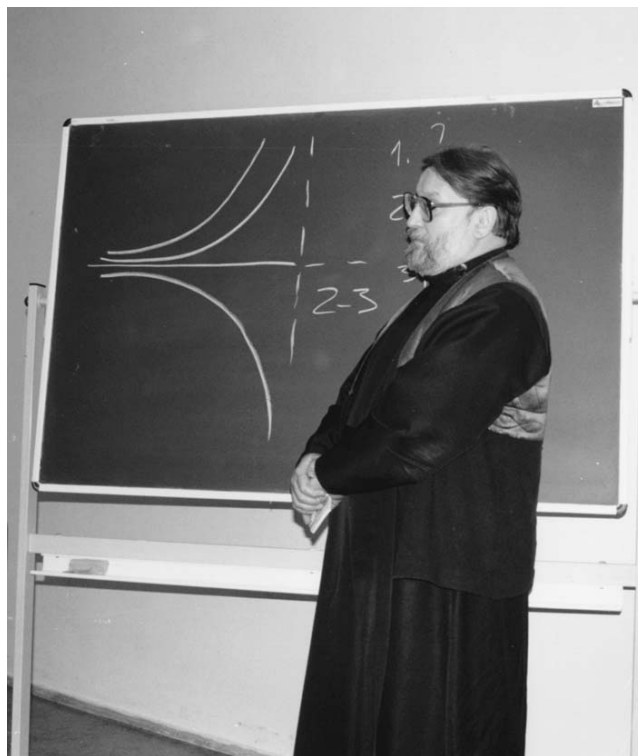
LaRouche: In a negative sense, that's the case, but the situation is much more complicated than that. Obviously, people today, in Russia, are justly concerned, because the implications of what's happening there, are not fully understood. Personally, I think the whole operation is a great mistake. It solves no problems. The Taliban will disappear into the mountains, and come back in the Spring. We see the assassination attempts in the Indian Parliament, yesterday, which are part of the increased instability, spread into the Subcontinent by the bombing of Afghanistan. We must deal with the fact that we have governments which are sometimes *less* than imperfect, and we must figure out what we are going to do, to try to prevent a catastrophe from occurring.

I think that one should put aside all simplistic attempts to understand the situation, and look at this from a higher strategic standpoint. This could lead to a catastrophe for all humanity. I don't minimize that. But, I'm concerned to find the *action*, which will prevent that catastrophe from occurring.

Q: I'm an expert in management from the International Academy for the Integration of Science and Business. This Academy is now developing very broad plan for the transformation of our industry, with its hundreds of companies, to be lifted to a new technological-industrial level. I know a lot of economics, including American economics, but concerning physical economy I heard what the gentlemen had to say at the Duma, and I didn't understand anything. Allow me to ask you this question, speaking for myself: Would you be able to come to the Moscow Confederation of Industrialists and Entrepreneurs, and explain this "physical economy" to them? I had a first American comrade, who helped to save me in combat, at Leningrad under the blockade [during World War II]; and, perhaps you will turn out to be the second!

LaRouche: Well, the point is, I'd be very happy to be in Moscow at almost any time, and for such a purpose, in particular, if it's possible.

Q: In connection with the speech of our colleague, I would like to pose this question: In connection with the extreme conditions in Afghanistan, and in general, in the operation that's now being called "Freedom Without Borders," I would like to turn to Vernadsky's vision of World War II as a resumption of the First World War. Precisely, in his very last work, called *On The Noösphere*, Vernadsky argued that the outbreak of World War II should be dated from 1931. And, therefore, I would point out that we should, according to Vernadsky's reckoning, be marking the 70th anniversary of the outbreak of World War II this year. Just now Russia



A participant in the symposium honoring Kuznetsov draws LaRouche's pedagogical "Triple Curve" diagram, a Typical Collapse Function, in the course of asking LaRouche a question.

and America have been jointly commemorating our common tragedies—marking the 60th anniversary of the Great Patriotic War and the 60th anniversary of the attack on Pearl Harbor, it is worth noting that we have this anniversary year in common—but we forgot that we *missed* a whole ten years after the actual beginning of World War II. Are we not repeating the same historical mistake, by ending the Cold War too early? And is not this "Freedom Without Borders" a resumption of the Cold War, but now—in a new phase, which is the phase of a clash between civilizations? This is a far from theoretical question for myself and those of my colleagues, who pay close attention to the heritage of Vernadsky, and to be guided by it in looking not only at the events of the recent past, but to what's happening before our eyes.

LaRouche: Let me just say one thing, first of all, ironically, and then give you a general answer on this question. One of the first impressions, on me, of Vernadsky's work—the strongest impressions—came from a RAND Corporation report, in the late 1940s, when RAND was formed. That began. Now, you go back to a recent period: 1998. In 1998, when Prime Minister Primakov made a visit to New Delhi, he proposed a policy, which I had been pushing for some time, called the "Strategic Triangle," among Russia, China, and India. In December of 1998, the RAND Corp. and the

Cato Institute, and others, began screaming that Primakov must be destroyed. And, the reason for some of the recent developments, which have affected President Putin, are of the same nature.

And, now, let me refer to a second case, of a gentleman, whom I've described, very kindly and generously, as a "dangerous lunatic": Zbigniew Brzezinski. The point is, what we're facing now, as Brzezinski has defined, with his clash of civilizations policy, is what should be described as the "Third Geopolitical War" organized by the British monarchy and its friends, which cover World War I, World War II, and the threat of war now — and all threats of war in between. The First World War began in 1894, with the Japanese attack on China, the occupation of Korea, and then the war against Russia. The second one occurred as a coup d'état in January of 1933, when Montagu Norman, the former head of the Bank of England, and his New York partners, financed a coup d'état which brought Hitler into power in Germany. And, then, a British agent, Hjalmar Schacht, in March of 1933, became head of the Reichsbank in Germany. And, then the Reichsbank used credit, obtained from London and New York bankers, to finance German armaments, in preparation for an invasion of the Soviet Union.

Today, what you've seen recently, is an example of the same geopolitical issue. Call it the "Primakov War": Because, whenever Eurasia, as in the late part of the 19th Century, begins to bring together parts of Asia, with Russia, and parts of Western Europe, in economic development cooperation, *the Anglo-American financier powers see their power threatened, and they're prepared to kill.*

I try to stop them, but that's why I get into a lot of trouble with some people.

Q: I would like to ask three questions, for which I shall need to use the blackboard. We thank you for coming to Russia.

Here we have your diagram [the "typical collapse function," or "triple curve"]. It shows the rate of issue of money, then the rate of issue of secondary paper obligations, and here we have the decline of production, worldwide. First question: At the moment of what you call the "super-crisis" [gestures to vertical line where the curves go off the chart], lasting two or three days, there will be an explosive emergence of a new, worldwide ideology. My question is: Is, then, physical economy, perhaps, metaphysical, or a religion of the mind?

LaRouche: No, it's physical, and, in a sense, spiritual, in the sense that, the belief that *money* is the economy, *is a lie*. Money should be nothing but an arrangement, created by governments, and used by governments for their internal administration and external relations. Any time government doesn't recognize that, we create, as we have now, bubble economies. To get at the psychological side, remember now: The U.S. economy is collapsing — physically, it's collapsing. But CNN will insist that it's growing! What's growing is the

cancer — the person is shrinking! It's a bubble. The problem is, people believe in *money!* And, the little people believe in money, too. That's the problem. "I need *m-o-o-n-n-e-y-y!*" So, money becomes a god.

So, therefore, the state, and leaders, must not present money as a god, but must regulate the economy, to protect the people!

Q: Thank you. Therefore, my second and third question may be merged, in a sense. If there's no money, the epoch of a virtual currency begins, with the absence of money. Or, a "worldwide phase of communism." And, under those conditions, the Antichrist comes as the leader of the world, no? And, at the same time, you say that to study this and the entire invisible world of energy, requires a scientist to understand the existence of the world of the angels. When will science be prepared to undergo a paradigm-shift and accept the existence of invisible beings?

LaRouche: Well, I think, when you understand the principles of science —. For example, let me answer with the solution to this, which makes the answer clear. This is a concrete, actual question; it's not hypothetical.

At some point, very soon, the entire world, or virtually the entire world, will be financially bankrupt. We're not talking about an economic depression; we're talking about what Rosa Luxemburg and others talked about, at the beginning of the last century, as a general breakdown crisis.

What do we do? We certainly don't have a virtual international currency — that's chaos, and that *is* the Devil. What you do, is: Immediately, sovereign nation-states, which *own* the IMF, must put the IMF into bankruptcy. They act on the principle of universal natural law called "the general welfare." Each government creates a new series of currency; institutes national banking to replace private banking, as supreme; then, establishes a fixed exchange rate among the new currencies; organizes a gold-reserve standard for fixed currency rates among these currencies. Governments then enter into a series of long-term agreements. For example in Eurasia: Let's take the question of the Land-Bridge corridors. Put the Russian Transport Ministry, and the Railways Ministry, back into full business. These long-term contracts among governments become, then, a mechanism, by which governments assist private firms, in also making the same kinds of agreements.

The governments also, use the same principle of bankruptcy for *internal* reorganization: Pensions must be supported; evictions from homes must not occur; employment levels must be maintained and increased; essential firms must continue to function. All functions of government must continue to function. The idea is to make the transition, with the least amount of impact on the people, and move from a point of *failure*, of bankruptcy, to a point of growth. The problem we have today, is that the governments and the political parties are generally stupid, relative to what we had 20-30 years ago.

Hour One, the bottom line: On the day that people suddenly realize that the rich are no longer rich, and that money

is no longer god, then they're going to change their way of thinking — suddenly.

Moderator: Thank you, Mr. LaRouche. Thanks to all of you.

Helga Zepp-LaRouche

A New Approach To The Dialogue Of Cultures

This is the presentation made by Mrs. LaRouche on Dec. 15, to the Moscow seminar in honor of Pobisk Kuznetsov.

Ladies and gentlemen: I am actually very happy to speak to you today to the honor and memory of Pobisk Kuznetsov.

As you know, his life was dedicated to the idea of education, and how to kindle the creative spark in his students, so that they would realize their full human potential. I think it is therefore in his spirit, that I speak to you today about the urgent need for a dialogue of cultures, which is also about this kind of education. And for this, I want to suggest a completely new approach, and I want to do it through the eyes of one of my favorite philosophers, and one of the favorite philosophers of Russia — a person who was also loved by Pobisk — which is Kuzansky (Cardinal Nikolaus of Kues, known as Nicolaus of Cusa, 1499-1565).

After the attacks of the 11th, and after the bombing of Afghanistan, and the terrible escalation of Sharon against the Palestinians, everybody can see that we have the danger of a clash of civilizations today. This is all the more the case, because the evil Samuel Huntington, in his writings about *The Clash Of Civilizations*, is not only warning of it; but he actually wrote this as a scenario which is being acted out at this point, with the immediate threat of religious war, not only in the Middle East, but actually in the whole world — a war which, once it is fully set into motion, could last for a very, very long time.

Nikolaus of Kues, after the fall of Constantinople in 1453 — which was a kind of an early “clash of civilizations” — wrote a very beautiful Socratic dialogue about peace and religion. In this dialogue, 17 representatives of different religions and different nations go to God, and say, “We all fight each other, and kill each other, and we all pretend to do it in your Name. This can not be your wish. Can you not help us?” So God says, “I will speak to you now, not as representatives of your religions, but I will speak to you as wise men and philosophers; and as philosophers, you are capable of understanding that there is only *one* knowable truth, and *one* God.”

So the representatives say, “Yes, we can see that, but why do we then kill each other?” And God says, “You make the mistake, of mistaking the words of the prophets, with the word of God.”

Again they say, “Yes, this we can see. But still, this fighting is going on.” And God says, “You make another mistake. And that is, that you mistake traditions, which are different, for the one truth.”

So the wise men say, “Yes we can see that. But do you now say that we should have a new, one religion, when all our people were spilling so much blood for their old religions? This does not work.” And God says, “No, I am not suggesting a new religion. I am talking about the religion which was before the differentiation. The One before the Many. And the One has a higher quality and is of a different magnitude than the Many.”

The wise men agree, and God tells them to go to their respective countries, and educate their people in this spirit.

Kuznetsov was actually convinced, that Kuzansky [Cusa] got some of his ideas from his being in the East, encountering some of these ideas there. And since I am really trying hard to find a basis for a dialogue among all the cultures of the world, and since I am just coming back from a trip to India, I looked into Hinduism, to look for Cusa-like ideas there. And I was very happy to find a lot of these ideas. For example, there is this very famous *Rig Veda* sentence: “The truth is the One, and the wise men just give it different names.”

What Is The Universal Principle?

In Hinduism, you have the Sanathana-Dharma, which is the eternal religion. And Mohandas K. Gandhi actually regarded himself as a Sanathana Hindu. The one divine truth, in Hinduism, does not give privilege to one language or nationality or culture, but says that the divine truth glows differently in different souls. Only if one makes the color of one's spectacles the truth, then one only sees the color of the spectacles, and one sees the object colored with the color of the spectacles. Or else, one would be willing to see the many-coloredness, which is desired by God.

According to Hinduism, it is all right to believe that oneself is on the right way; but, to insist that the other one is on the wrong way, Hinduism regards as arrogant, and even blasphemous.

So, what is this universal principle, which you can find in all cultures, in all religions, and in all civilizations? It is the image of man — man in the image of the Creator; or, as Kuzansky says, man in the “living image of God.” Also in Hinduism there is the idea that the human soul partakes in the divine soul.

Now, what is this living image? It is the power of cognition. The thing which makes man in the likeness of God, is his ability of the method of hypothesis.

And for Kuzansky, man was capable of limitless self-perfection; of again and again, having scientific hypothesis



Helga Zepp-LaRouche addresses the symposium. “What is the universal principle, which you can find in all cultures, in all religions, and in all civilizations? It is the image of man—man in the image of the Creator; or, as Kuzansky [Nicolaus of Cusa] says, man in the ‘living image of God.’ ”

leading to scientific and technological progress. When you apply this scientific and technological progress in the production process, it leads to an increase in productivity. Then, the effect of this, is an increase in the living standard, an increase in the longevity, and an increase in the relative potential population density of the Earth.

This is a very important concept, that Pobisk Kuznetsov recognized, because it was touching on the essence of his own method. And since this is a concept developed by Mr. LaRouche, he [Kuznetsov] called the unit, with which you measure this increase in relative potential population density, the “La,” like in “LaRouche.” I want to encourage all of you to look at that; because, from the previous discussion, the question of the measurement—how do you measure the law of the universe in an efficient way?—was very much at the center of the discussion. And I think that Mr. LaRouche has provided something that science has not yet fully appreciated; because it is, for the first time in history, actually, a way to define, scientifically and not just morally, if something is good or bad.

Cradles Of Civilization

Now, whenever this power of cognition is effective, you have progress of universal history. When you look through history, for those phases where this happened; and you take the approach of Friedrich Schiller, to take the totality of the history of man as universal history; you realize that this is not the property of one culture, but that this human development shifted from one culture to the next. I want to give you a very sketchy overview, to see the method that I’m applying.

We have four cradles of mankind: India, China, Mesopotamia, and Egypt. In India, you have the Vedic tradition and the Upanishads; in China, you have Confucius, Mencius, Chu Hsi; Egypt is very important, because it was the cradle of European civilization, and it had *many* high phases. In the so-called Old Empire, which laid the foundations—especially the Third Dynasty, from 2660-2590 B.C.—you had the first universal genius of the kind of a Leonardo da Vinci. His name was Djoser, who was, together with Snofru, the builder of the large pyramids. Then, other high phases were the 4th, the 12th, and the 19th Dynasties; especially there [the Nineteenth], with Sethos and Ramses II.

Now, Ramses II lived from 1290-1224 B.C.; and as you can see, this gold mask is of such an extraordinary beauty—the idea of a beautiful man was expressed here. When this picture was shown for the first time in the British Museum in 1817, it caused a world sensation, because it was of such an extraordinary beauty and created so early.

This is the head of Nefertete, who lived to 1340 B.C., which you can see in Berlin in the Egyptian Museum. And again, you have an unbelievable beauty, which can only be the reflection of the beauty of the soul of the artist who created it.

The next high phase in Egyptian history was the 26th Dynasty, and especially after Alexander the Great conquered Egypt and created Alexandria, which became the center of Greek-Egyptian education. There, was the famous library of Alexandria, where an enormous number of famous thinkers were studying. One of them was Eratosthenes, who was the first one to measure the circumference of the Earth. Many Greek scholars studied there, laying the foundation for the

Greek Classics; among them, Solon, the first philosopher of statecraft, who studied several times in Egypt. Schiller talked about Solon, as the one who defined the goal of mankind as progression.

Later, Augustine and Abelard said, that the fact that the old Greeks—especially Plato—were able to recognize truth, which only later was revealed by Christianity, proved that there was no contradiction between faith and knowledge.

Christianity obviously laid the decisive foundation for European civilization. But the idea, that every man was in the image of God, was politically not realized, because the Roman Empire was an empire. And, as all empires, it depended on the oligarchy being able to rule over backward, enslaved masses. And naturally, like all empires, the Roman Empire had to collapse, and this led to a dark age in Europe.

At the same time [as this dark age], you had, in India, the Gupta Period, which was a high point of culture, and people in Europe did not even know about it, since travel and communication was a little bit slow in those days. But in India, beautiful dramas and poetry were created, and this high spirit also reached into China. New excavations have found 320 Buddhist sculptures in the Temple of Hsing Tsu; and there you see, again, the extraordinary beauty of the facial expression, which transmits something sublime.

Where The Best Of Each Culture Join

While Europe was still in a dark age, Haroun al-Rashid and the Abassid Dynasty organized a renaissance—collecting all knowledge, from Egypt, from Spain, from Italy, from Greece, and weighing all discoveries which emissaries brought in gold—and out of this, a new renaissance was created. At that point, Baghdad was the center of world culture. In 766 A.D., 100,000 architects, craftsmen, and construction workers completed Baghdad, which was the high point of the known world at that point. It was only through the contact between the Caliph of Baghdad and Charlemagne, that European civilization got pulled out of the mud.

The same contact occurred again, between Frederick II and the Arabs; and then the idea of a dialogue of cultures was especially promoted by Raymundus Lullus [Raymond Lull] in the 13th Century. Lessing, in his famous *Nathan The Wise*, makes the point that the truth is not in one religion's words, but in the proof of the works, and in the finding of the truth by the religious person.

One excellent example for the exchange of cultures is the missionary work of the Jesuit Matteo Ricci, born in 1572, who went to China, and gained the trust of the Emperor and the Mandarins by bringing, on the one side, European culture and science—especially astronomy—and by making clear on the other side, that the differences in the rites of religion are not so important as the common idea of the one knowable truth.

Going back one step: In the 14th Century, Europe suffered again a dark age, which was again the result of the breakdown

of the oligarchical system which had driven usury to its limits. But out of this, initially a small number of people created the beautiful Italian Renaissance, by essentially reviving the Greek Classical writings, which were brought to the Council of Florence.

A New Renaissance

I could give you many more examples, but I want to just point to the method: that you always pick, in each culture, those periods in which these these universal principles did move the development of mankind to a higher level. I could mention the Ming Dynasty, the Arab Andalusian culture, the German Classic, the discoveries of Wilhelm von Humboldt, about Sanskrit being the most advanced of all languages, in the 19th Century. But one should see how the different cultures influence each other over long periods of time; and that they enrich each other; and therefore, it becomes clear, that through such a dialogue of cultures, which features the best traditions of each, from the standpoint of universal history, this is the only way to peace.

So, if one not only revives one's own best culture, but loves and studies the other one, one can develop love for the other one. The conflict is only the result of oligarchism, which plays on the differences. If this dialogue of cultures is successful, it will lead to a new world renaissance. And I am convinced that then, the pictures of today's oligarchs, you will be able to study in the petrified way—as in the Museum of Vernadsky, in the State Geological Museum, where you have these old relics of plants and animals which lived millions of years ago, petrified in stone.

A Dialogue Of Children And Students

Now, I want to organize a dialogue among children and students of the world, in this spirit. If young children start to look at the other one through these eyes, the basis for chauvinism and hate will be gone. If children and young people do not just learn foreign languages early on, which they can pick up like their mother tongue, but also learn about universal history—which can even be done in a playful way—then I am certain, we will reach a new age in human civilisation.

Kuzansky said that the only reason that people can communicate with each other, is that each culture has scientists, poets, composers, people who have a universal language to speak with each other.

Therefore, I want to invite you, to help to facilitate this dialogue of children and young people, because the life of a young child, and a young person, is totally decided by whether he finds somebody who puts the creative spark into his soul, in time. So if you help to make this project a success, then I am absolutely certain that this terrible crisis of civilization can be turned into a gigantic chance, and overcome a childhood disease of mankind—oligarchism—forever.

And in doing so, you will contribute your share to make Pobisk Kuznetsov immortal.

The Revolutionary Life Of Pobisk Kuznetsov

by Jonathan Tennenbaum

Pobisk Georgiyevich Kuznetsov (May 18, 1924-Dec. 4, 2000) was born in the Soviet revolutionary years of Russia, his father a teacher of philosophy, his mother a physics teacher. The unusual first name they gave him showed their spirit: It was an acronym for “Pobeditel Oktyabrya, Borets i Stroitel Kommunizma”—“Victor of October, Fighter and Constructor of Communism.”

Pobisk graduated from a Navy school, and immediately volunteered to be sent to the front in the Great Patriotic War, World War II. His application was not accepted, however, because he was too young. Instead, he entered training for tank warfare, after which he fought in a tank brigade and experienced hand-to-hand combat during the war. He sustained serious wounds, after which he had to retire from combat.

While recovering in hospital, and then in his short student period which followed, Kuznetsov turned his attention to scientific and philosophical studies. He was fascinated by the problem of the emergence of living matter, and of life as a whole. A polemicist by nature, Pobisk decided to launch his own student organization, which soon drew the attention of the KGB. He was accused of anti-Soviet activities and convicted of “terrorism” and counterrevolutionary organizing, and sentenced by a military tribunal to internment in the GULAG, the network of prison camps in the Soviet Union.

Science In The GULAG

It was during the next ten years, spent in Soviet labor camps, that Pobisk Kuznetsov not only was able to receive an extraordinarily intense and broad scientific education, but also conducted some of his most original scientific work, laying the basis for his future contributions. The reason for this paradoxical circumstance was the peculiar nature of the GULAG system, and the fact that his fellow prisoners included many of Russia’s most brilliant scientists, especially during his long period at the Norilsk mining and metallurgical complex in Siberia, above the Arctic Circle. Among them were: Academician Nikolai Fyodorovsky, founder of the Institute of Applied Mineralogy and a close friend and collaborator of Vladimir Vernadsky; the chemist and former head of the chemistry department of the Red Army, Yakov Fishman; the analytical chemist Pyotr Levin; and many others. At another GULAG camp, Pobisk became acquainted with Academician Vasili Parin, with whom he was later to collaborate in



The portrait of Kuznetsov on the podium of the Moscow symposium.

the creation of the life-support systems for the Soviet manned space effort.

Pobisk survived the notoriously dangerous penal colony Kalargon—the most feared at Norilsk—and, thanks to his remarkable abilities, was assigned to the Experimental Metallurgical Plant, where he worked in daily contact with leading chemists and mineralogists.

It was while working at the Experimental Metallurgical Plant that Pobisk Kuznetsov, according to his own account, made a crucial observation that was to shape much of his subsequent scientific work: In the real world—as opposed to the virtual world of mathematical physics as it is usually understood—the existence and maintenance of a difference or gradient in potential (such as a chemical potential) is always associated with a continuous flow of energy and the expenditure of work. This observation later became the basis of Pobisk’s study of the systematic distinction between entropic and anti-entropic systems, and his investigation of the laws of human physical economy.

After being freed from imprisonment, Pobisk worked for some time in geological organizations in Krasnoyarsk and Novosibirsk; he entered and graduated from the Polytechnical Institute.

Rehabilitation

By the time he came to Moscow, Kuznetsov was already famous as a scientist and philosophical thinker. Among other things, he was invited to write the article on “Life” for the *Great Soviet Encyclopedia*. Starting in 1963, Pobisk became heavily involved in the design of methods of comprehensive planning and direction of high-technology projects, becoming the head of the Laboratory of Management Systems for the Creation of Systems (LASURS) at the Moscow Pedagogical Institute. He was named Chief Designer for the famous SPUTNIK-SKALAR management system, which was utilized in the organization of important military-industrial projects in the Soviet Union.

After moving to Moscow, Kuznetsov became ac-

quainted—through the network of his former Norilsk fellow inmates—with the legendary Italian-Soviet aircraft designer Roberto Oros di Bartini, who had himself worked many years as a “captive genius” under KGB security boss Lavrenti Beria. One of the fruits of their ensuing, close friendship and collaboration, was the discovery of a kind of “periodic table of physical laws,” based on a study of the “dimensionality” of the physical magnitudes related by the laws.

During the same period, Bartini developed a variety of revolutionary designs for transport vehicles, including amphibious craft utilizing the “screening” or “ground-effect” for additional lift, and a long-range nuclear-powered supersonic plane. From this time dates Pobisk’s strong interest in the analysis and projection of transport systems, using new parameters derived from the Kuznetsov-Bartini table.

Another important direction of Pobisk’s work, during the 1960s and afterwards, was the study and applications of the role of resonant photon (light) interactions in living and non-living matter. In 1964, he published a groundbreaking paper together with Vlail Kaznacheyev and M.Ya. Subbotin, on the significance of the “biophoton” emission of living tissue, following up earlier work of the great biologist Alexander Gurwitsch. In the 1990s Kuznetsov synthesized his work on the resonant triggering of chemical reactions and biological processes, founding what he regarded as a new scientific discipline: “Fotonika.”

Starting no later than 1965, Pobisk Kuznetsov was deeply involved in the development of life-support systems, both for manned space travel and in the extended sense, emphasized especially by Kuznetsov himself, of building an economic-technological basis to support an increasing population-den-

sity on the Earth. This led into his studies of economics, inspired in part by the work of Sergei Podolinsky and Vladimir Vernadsky, as well as his own work on the distinction between entropic and anti-entropic systems.

Father Of Soviet ‘Physical Economy’

In the meantime, Kuznetsov, a staunch patriot of the Soviet Union, who regarded himself as a “scientific Marxist” (although completely at odds with the official Communist Party hacks!), became once again a victim of political oppression. In 1970, his LASURS unit was suddenly shut down by the KGB, under the pretext of “violation of financial discipline.” He was first investigated for criminal activity, and then, after no evidence was found, placed in a mental institution for examination, where he was held for two years!

Kuznetsov was never to return to his former level of official prominence, but continued an extremely active life of research, teaching, and publishing, acting as a key figure in various “closed” projects, including the development of a kind of Soviet counterpart to LaRouche’s concept of “physical economy.” In this context, he elaborated a series of “laws” of physical-economic development, in some respects similar to, but also different from Lyndon LaRouche’s work. These include:

- “the law of economy of time,” or the tendency for reduction of the socially necessary time for production of unit quantities of any given good;
- the law of the growth of productivity of labor;
- the law of rising demand of consumption, connected with “the creation of the comprehensively developed creative personality.”

Kuznetsov On ‘The LaRouche’ Unit Of Measure

In the December 1994 issue of the Moscow journal *Rossiya 2010*, Pobisk Kuznetsov explained his introduction of a new unit of account, “the larouche.”

“Let us introduce the physical magnitude of ‘a larouche,’ designated by La,” he wrote, “which gives the number of persons who can be fed from 1 square kilometer, or 100 hectares, during one year.”

Thinking in terms of this new unit might look like this, Kuznetsov writes: “Our base magnitude of area is 1 square kilometer or 100 hectares. This base value of area is necessary, in order to bring all existing world food statistics to a single basis. The figures cited above for Belgium . . . correspond to ‘potential relative population density,’ introduced by LaRouche. We have introduced the new unit of measurement, the larouche, which is the quantity of

persons able to be fed from a certain magnitude of area, taken as the unit value in this system. Our unit is equal to 100 hectares. . . . The example of Belgium gives an agricultural productivity for Belgium equal to 500 larouches, or 500 persons per 100 hectares. We share LaRouche’s view that the magnitude of potential relative population density can serve as an indicator of ‘intellectual culture,’ but taking into account the quite diverse values for farv (photochemically active radiation per vegetative period), we shall compare not simply 100 hectares, but 100 hectares for a given local farv value. . . .

“In 1980 I was able to estimate the possibility of creating a system for feeding 300 million people, by means of hydroponics set up in the deserts of Central Asia, in the U.S.S.R. I calculated that it would be necessary to have an area of land measuring 100 by 150 kilometers, or 15,000 square kilometers. Since this anticipated a complete system for feeding 300 million people, it corresponds to 20,000 larouches, or 40 times greater than the known productivity of Belgium.”

While linking these laws to the measurement of economic growth by physical parameters (particularly the characteristics of energy flows in the economy), Kuznetsov emphasized that the production of “new creative ideas” is the driving force of economic growth, resulting “both in the increase in material well-being, and of an increase in the intellectual power of the human species.”

In 1975, Soviet Deputy Prime Ministers L. Smirnov and V. Kirillin formed a Scientific Council on “Problems of Modelling Large-Scale Systems in Physically Measurable Magnitudes.” Under the aegis of this council, a secret scientific research project called “Effektivnost” was launched, focusing on methods of measurement and projection of economy, developed by Kuznetsov and his collaborators. “Effektivnost” was described as a design for “management of the country during a special period,” an indirect way of saying that it dealt with contingencies for national survival under possible global nuclear warfare. The first chairman of the council was Academician Viktor Mikhailovich Glushkov (a major figure in Soviet economic policy), and then, after his death, Academician Vladimir Sergeevich Semenikhin, as well as Revoli Mikhailovich Suslov (son of the famous Soviet official Mikhail Suslov), who headed the Central Scientific Research Institute for Radioelectronic Systems. The latter used his authority to protect the project against attack from the side of Communist Party ideologues.

Fellow Political Prisoner LaRouche

Although LaRouche’s work had been closely followed in some Soviet circles, and was certainly well-known to some of the participants in the project, the direct contact between Pobisk Kuznetsov and LaRouche’s movement began in the early 1990s, when the late Prof. Taras Muranivsky began to organize around LaRouche’s ideas in Russia. With his characteristic excitement and energy, Kuznetsov immediately seized on the Russian translations of LaRouche’s writings (he did not read English), and began discussing LaRouche — then himself a political prisoner in the United States! — in his network of friends and collaborators.

In 1994, the year he celebrated his 70th birthday, Kuznetsov addressed two letters to U.S. President Clinton, demanding an end to the political persecution of LaRouche and his movement, and calling for international collaboration to develop a new global “life-support system” for humanity. He named this initiative “President.” Around the same time, Kuznetsov issued a call to the leaders of all religious confessions, to join with him in ending the “rule of money over the spirit” and supporting the “President” project.

In April 1994, Kuznetsov hosted LaRouche for his first visit to Russia, and an extraordinary scientific dialogue took place among LaRouche, Kuznetsov and some other leading participants in the “Effektivnost” project (see *EIR*, June 10, 1994). He subsequently proposed a new unit for the measurement of physical economic development, naming it after LaRouche: the “La.”

Kuznetsov continued to write and publish until the end of his life, among other things co-authoring two technical books, *The Engineering-Economic Analysis of Transport Systems* and *The Mathematical Method of Management*, published in 1996, and a broad work, *Space and Time in the Evolution of the Global System “Nature-Society-Man,”* published posthumously in 2001.

Pobisk Kuznetsov is survived by his wife, Alma, and their young daughter. In a postscript to his last book, his co-authors wrote: “Pobisk Georgiyevich’s last words were, ‘I love all of you.’ We take these words as a symbol of faith and hope that we all, the people who knew and loved Pobisk, shall unite around the idea of Creativity in the name of preserving the development of life not only on Earth, but in the Cosmos.”

Lyndon LaRouche

Give Politicians A New Conception Of Economy

“The Global Economic And Financial Crisis And The Strategic Role Of Russia” was the topic of the Dec. 15 seminar hosted by Academician and government economics adviser Dmitri Lvov, at the Central Mathematical Economics Institute (CEMI) of the Russian Academy of Sciences. It featured this presentation on the global economic and strategic crisis by Lyndon LaRouche, introduced by Academician Lvov; the discussion was later joined by Dr. Sergei Glazyev, chairman of the Economics Committee of the State Duma (lower house of Parliament). Subheads have been added.

Academician Dr. Dmitri Lvov: Dear friends: I have the great honor today to welcome one of the leading political figures and scholars in the world, Lyndon LaRouche, who is simultaneously the founder of a leading tendency of economic thought, which has come to be called physical economy. He is Editor-in-Chief of a journal, in which Mr. LaRouche’s articles are constantly published. It is also a very important feature of LaRouche’s scientific work, that he constantly ties it in to the pressing practical problems of our world today.

A striking example of this was the event in our State Duma, where LaRouche spoke [June 29, 2001], which had a great resonance. We are expecting Dr. Sergei Glazyev, the chairman of the [Economics] committee of the Duma, to be here today. We have snowy weather today, and he called me to say that he is sitting in traffic in the snow.

Therefore, I would like to invite Mr. LaRouche to share with us his views on the current world crisis, the economic crisis, which has afflicted the entire world.



Lyndon and Helga LaRouche tour the Vernadsky State Geological Museum of the Russian Academy of Sciences. With them are museum officials Dr. G.V. Naumov (left) and Dr. Sergei Cherkasov (right)—with a bust of the great Ukrainian-Russian scientist V.I. Vernadsky.

Lyndon LaRouche: This is a wonderful crisis. It's a wonderful scientific event. The first thing it does, as a benefit—it will cure constipation. This is not a depression. It is what Rosa Luxemburg described, at the beginning of the last century, as a general breakdown crisis.

Look at the post-war period, just to situate how, since 1945, this crisis developed. Under President Franklin Roosevelt, the policies of the United States for the post-war period had been chiefly the following: that Roosevelt warned Churchill, repeatedly—Prime Minister Churchill—that the world was no longer going to tolerate “British 18th-Century methods.” Which means the economic methods of the old British Haileybury School. And it also meant an instant decolonization at the end of the war.

The implication of Roosevelt's negotiations with Stalin, and with Chiang Kai-shek in particular, were part of this pattern for using the United States' power, to force the Portuguese, the Dutch, the British, and the French to give up their colonies immediately at the end of the war.

The complementary feature of this policy was what was called the Bretton Woods agreements, which were intended, originally, to be worldwide agreements, not restricted to a few nations. The included feature of this would be a fixed-exchange-rate system, using a gold-reserve standard—not a gold standard, but a gold-reserve standard. And the function of this system would be, largely, not only to rebuild the war-torn countries of Europe, but also to launch a general economic development, and assist people in this development, in the newly freed colonial or semi-colonial regions.

With the death of Roosevelt, within 48 hours, most of these policies had been sabotaged. Shortly after that, the first nuclear bombing was done, of Japan, as a way of starting the

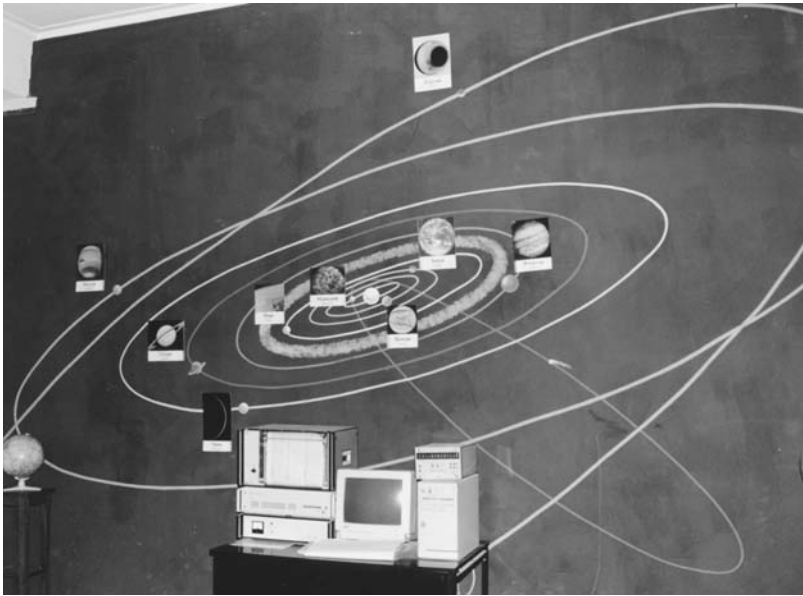
conflict of the United States, Britain, and the Soviet Union. But some of the Bretton Woods system functioned. Largely as a result of this, there was a rebuilding of Western Europe, or most of it. There were significant economic and social benefits throughout most of the Americas. And Japan was rebuilt.

This came to an end with the death of President Kennedy. The years 1962-65 are the turning-point in the entire period since the end of World War II. The [Cuban] missiles crisis, of course, was the center of those changes, which led, eventually, in the 1972 period, to a kind of managed conflict between the Anglo-American forces and the Soviet forces.

Turning-Point Of 1963-71

Just to get a picture of what these changes were: You had the first attempt to assassinate de Gaulle, in 1962. In 1963, before the assassination of Kennedy, you had the coup in Great Britain which ousted Prime Minister Macmillan. You had a wave of strategically significant assassinations and changes in government. You had the launching of the U.S. Indochina War. You had the worst government of the United Kingdom, probably, in the 20th Century—the first Wilson government of the United Kingdom. Wilson was so bad, that you might call him the President Jimmy Carter of Great Britain.

About 1966, you had a phase-change in United States politics. You had a Nixon, who was already a broken man, running for President, in alliance with a racist organization, the Ku Klux Klan—the notorious Ku Klux Klan of the United States. And the Nixon Administration, apart from being racist, was committed to a radical version of the policies of the Mont Pelerin Society.



Dr. G.V. Naumov gives the LaRouches a tour of the Vernadsky State Geological Museum, including exhibits on geology, magnetism, and the Solar System.



The change in policy which became clear in the 1966-67 budget of the United States, was a shift to an anti-scientific, post-industrial society. And that accelerated from that point on. This was accompanied by a cultural paradigm-shift in the United States, and in Europe: the so-called rock-drug-sex counterculture, popular among university youth, which spread later to a younger generation.

So, in 1971, of course, came the crucial change: the change to a floating-exchange-rate monetary system, which began Hell for many developing countries in particular. For countries which are poorer, in particular—or for any country—long-term lending, and long-term investment for capital improvements (by long-term, I mean, essentially, ten years or longer), require interest rates, really not much in excess of 1-2% simple interest. If you have a floating exchange rate, this becomes impossible, because if currencies fluctuate, then

lenders will demand changes to compensate for the loss of income on debt-service. This is particularly the case if the London financial market, which still, to this day, dominates the world financial system, is manipulating international exchange markets.

For example, take the famous case I've often cited: If you take the debt of the countries of Central and South America, every penny that these countries ever incurred, by virtue of actually receiving credit, has been more than paid by all of these countries, to the present day. If you look at the total debt today, mostly all of it is fictitious debt, created by the IMF [International Monetary Fund]. The London market would put a currency under attack; the currency would fall on the speculative market; then the United States and other governments would put pressure on the government, to "call in the IMF." And the IMF would put as a conditionality, "You must

reduce the value of your currency.” And you must then create an additional book-debt — fictitious debt — to compensate the creditors for what they have lost, in terms of future payments, on the basis of the devaluation of the currency.

From that period on—from 1971 on, the United States and other countries began to destroy the entire protectionist and social-support structure which had been built up in the post-war period.

This was aggravated by what happened under Carter — or shall we say, Mr. Brzezinski’s stooge, President Jimmy Carter. Nuclear energy, which is absolutely essential to the progress of the modern economy in general, as an integral part of modern economy, was largely shut down in the United States, through a special services secret operation which shut down a nuclear reactor, and produced the terror which induced the changes in law. Real estate was ruined, agriculture began to be destroyed at that time. Deregulation of everything — of things that had to be regulated, such as public transportation, things of that sort.

It was the assessment of many leading people in the United States, on reflection, that Jimmy Carter, under Brzezinski’s direction, did more damage to the U.S. economy than any U.S. administration in the post-war period.

Bankrupt System Was Propped Up By Looting

These trends continued into 1989-91. At that point came the collapse of the Soviet system, and a phase-change occurred in a long process of decline of the world system. It’s important to know, as many of you know already, that the chief support for an otherwise failing and collapsing world Anglo-American system, was the looting of the former Soviet Union during the past ten years. When, in 1998, the limit had been reached on this speculative looting on a mass scale of the former Soviet Union—Russia, Ukraine, and so forth—the effect was that of a blood-sucking parasite whose host, whose victim, has run out of blood.

The 1998 GKO [Russian government bond] crisis was the breaking point.

Another factor was coming into play at the same time. The United States and Britain — or at least, the so-called financier interests of London, of New York City, of Boston, of Washington, D.C.; that is, the financial houses and their associated big law firms, which actually dominate the United States like a dictatorship — came up with the idea, in 1989, that with the collapse of the Soviet Union, they could set up an Anglo-American world empire. By destroying the sovereign nation-state as an institution, and instituting deregulation to prevent national economies from functioning as national economies, the impulse was the fantastic dream of creating a permanent world empire.

And of course, as we know, it didn’t work. But insane people often do not consider the consequences of their insanity. And if you look at the intellectual quality of the so-called elites, particularly the younger generations, in the United Kingdom, in Australia, New Zealand, in Canada, in the United

States itself, they represent almost a species which lacks the capability of maintaining its own survival.

Look at the present condition, especially since 1998. By all physical standards, the economies of Western Europe and the United States have been collapsing at an accelerating rate. At the same time, a financial bubble has built up, which is the greatest financial bubble in all history. It is John Law’s nightmare, repeated on a grand scale. The obtaining of yield, on a purely speculative value of purely worthless paper, or on an index — which is nothing — this pure gambling, on the derivatives market, has become the substitute for a physical economy.

Now, if you look around the world today, as a result, not only Argentina, but other countries, are now disintegrating as a result of these conditions. The United States is propped up by printing-press money, and by a Japan which is almost dying of carrying that load.

So we now have come, over the period 1998 to the present day, to the point of total collapse of a doomed system — a self-doomed system. The issues today are no longer those of economic interest, but of pure psychological interest. Just one strategic indication of this, which people in Russia have experienced: In about November of 1998, I was very happy, because Primakov had become the Prime Minister of Russia, and he had proposed as policy, what I considered the only sensible approach to the situation in Eurasia in general. He proposed, in New Delhi, publicly, the establishment of a “Strategic Triangle” of cooperation, between Russia and China, and also India.

By December of 1998, Primakov had been declared world public enemy number one, by the Anglo-American financier interests and the relevant think-tanks. Why? And India was the number-one enemy. Why? Because it would work. You take a bankrupt Western Europe — by which I mean Germany, France, Italy, and so forth — whose bankruptcy is reflected chiefly by the lack of the usual foreign markets on which they depended in the past — as a matter of fact, the only area of Germany’s exports which is keeping the country alive today, is Russia, China, and India; and the only growth of any significance, is Russia and China. Southeast Asia and China have lost their markets in the United States. The coastal areas of China, which were the areas of export of cheap-labor products to the United States, will have to accept a 40-50-60% reduction in their exports to the United States, for the indefinite future.

National Survival Today

The wiser circles in China, typified by President Jiang Zemin, are pushing for the internal market development — that is, internal economic infrastructure development — as the alternative to a collapsing U.S. market.

But in both the cases of China or India, they could not survive on their own. The population growth has risen far beyond the rate of adequate improvement in internal use of technologies. Without a very large infusion of technological

assistance into the interior of China, and comparable cooperation with India, the two largest countries of this planet could not remain stable for very long. The idea of finding long-term bilateral agreements among the countries of East, Southeast, and South Asia, is just a pipe dream. You can not do it on a bilateral basis. They have too many conflicts among them.

China-Japan; China-Korea; China-India; these are not durable bilateral relations at this point in human existence. But all of the countries of continental Eurasia have one common interest, and that is their interest in economic development and growth.

Only if you had a multilateral agreement to that effect, could you overcome the obstacles represented by bilateral conflicts.

For example, for Asia: long-range water development and management projects. Major transportation corridor projects—not just railroads, but transportation corridor projects. High-density energy generation within the local regions, not by importing gasoline over long distances. A rational form of new urban-rural centers, developing as pockets in areas of development.

These kinds of investments require the creation of credit and related agreements, over periods of approximately a generation or longer. Though much of the work of development can be done by private entrepreneurs, the creation of the market in which the entrepreneurs will operate, depends upon long-term agreements among governments, concerning long-term credit arrangements.

After all, why would anybody have hated Primakov for what he proposed? *Because it would work.* And we have how it would work. The sovereign nation-state has the ability to create credit. . . . Of course, naturally, the majority of the governments taking part in such cooperation, will have to put the International Monetary Fund through formal bankruptcy reorganization. It would have to be an emergency bankruptcy reorganization, which is why the model that Roosevelt had intended is so important—because you must have a precedent for something done in an emergency. It means applying the principle of the general welfare, which we sometimes call “Chapter 11” in U.S. bankruptcy law, by governments, to the general problem. ([Aside to translator:] It is a law which was established as natural law in Europe, in the 15th Century, by the various groups at that time.) So, in that situation, in which we have a system which is in the process of terminal collapse— . We are in the death agony: Whether the collapse occurs as a Christmas gift, or whether it comes a bit later, is a matter of small difference. The sooner it comes, the better.

But the problem is, of course, as was in a number of situations before the 1930s depression, is: The politicians generally are not intelligent enough to make those kinds of decisions until their pants are burning. So, as they say, the intelligentsia has to prepare the decision which the politicians will sign when they become sufficiently desperate to do so.

I shall conclude this presentation with this observation:

Every problem that the world is concerned about today—including the recent events of Sept. 11th, their aftermath, and so forth—are reflections of what has happened to the economy, and the present state of the economy. Desperation is striking leading circles, in one way or another. Various countries—those of Europe, or Asia, generally—say, “What can we do about this? We don’t run the world; we’re only the colonies.” The craziest people in the United States, who have a good deal of the power, say, “Let’s kill everybody. Let’s start religious wars,” like Brzezinski proposes. Saner people, such as Secretary Powell in the United States, and some people in Britain, say, “This is lunacy!” People in the United States, who are supposed to have great power behind the scenes, tell me, “You do it.”

I’ll give you an example. I don’t know if you saw C-Span last night. There was a live press conference with Secretary of State Powell, and the first question came from a reporter who is associated with me; he’s part of our press service. Now, the first question asked of either the President, or the Secretary of State in a press conference, is always *pre-cleared* with the press office before the question is placed. So, they knew we had the information, and we asked the question—my friend, the reporter, asked the question—and, the Secretary of State then gave the answer he wished to have the opportunity to give. This was on the question of Israeli spying involved in matters bearing on the events of Sept. 11th. The Secretary of State, by using the question of my friend, was trying to discourage a worse than already-ongoing war in the Middle East, in Palestine.

That is only typical of some of the situations I run into, where people expect *me*, with my modest situation, and political power around the world, to be able to sometimes intervene in these crises, because they recognize—to their credit—they recognize, how serious the situation is. We are in an extremely serious situation, in which people who are patently insane, with their rage over their desperation in their situation, are prepared to do desperate things, and people who should be stronger, are not effectively resisting these escapades. So it is an extremely dangerous situation.

And thus, at this point, we should recognize that what is happening in Afghanistan, and other things, in the Middle East, may each have their own characteristics—contributing factors—but the essence of the situation, in all cases: We are looking at, potentially, the third great geopolitical war. Like the war that started with the Japan invasion of China in 1894 through 1917.

I would just add one final point. Therefore, the profession of an economist, who is a serious economist, becomes very serious under these conditions. Weak governments will not make the necessary decisions, unless they are thoroughly convinced by the work of professionals who walk them through, step-by-step, the kinds of issues we’re talking about, and showing them that we have in view an alternative that will actually work. We have to give these fellows a new conception of economy, and make them understand it.



Academician Dr. Dmitri Lvov (left) hosted the seminar at the Central Mathematical Economics Institute. "Russia is an exact mirror reflection of what is happening in the world," he said. "We should be thinking about being guided by different criteria."

Dialogue With LaRouche

Lvov: Do we have some questions?

Q: The title of your lecture is "The Global Economic And Financial Crisis And The Strategic Role Of Russia." Could you not elaborate more about the role of Russia, and what Russia could do?

LaRouche: I thought it was implicit. I've written a good deal on the subject of Russia's role. Russia *is* a Eurasian nation, which has not yet accepted the idea that it's a defeated nation, as a cultural impulse. Therefore, Russia has the capability of mobilizing itself to play a leading role, where other nations will say, "We're only colonies, we can not make such proposals."

It is both objective, and psychological. I've been a virtual ally, and a supporting member, of the Non-Aligned Nations Movement for the past 55 years, and I can tell you that my clientele are very good people, often. But, they are unwilling to step up to the fore, in making decisions, and they don't think they have the authority to do it.

If you take the buried scientific capabilities of Russia, the scientific capabilities which are not now being fully utilized, combine that with the character of Russia as a Eurasian nation, and then look at Central and North Asia, the great concentration of mineral and other resources, which are unusable because of the lack of infrastructure development, this means that this is one of the great undertakings of this planet. We can not simply rip these resources out of the ground and export them at cheap prices. You must have the people of Kazakstan and Russia developing these resources.

The future of all Eurasia depends upon the contribution from this development.

Lvov: Thank you. You know, this has been a very interesting report. It seems to me that it exposes a wide range of

problems, which have arisen on the world scene today. Whether we like it or not, it is quite apparent that the world has entered a fragile state of disequilibrium. Therefore, the problems raised here by Mr. LaRouche seem to me to be very important and urgent.

It seems to me that the problems experienced today by Russia are on a par with the problems of the United States, England, France, or any other country. All of us, together, are experiencing a global crisis of world civilization. There is an enormous redistribution of risk under way. Therefore, we must pay attention to historical experience, including that historical experience which our country possesses, that difficult experience which we accumulated during the past 100 years. It may be located in the fact that we have not yet adequately explained how, in a relatively short period of historical time, Russia became the relatively weak link, in the face of the crisis transformation taking place in the world.

The revolutions of 1905 and 1917 would seem to have marked a new transition, to a new social system, and yet, suddenly, after a short period of 70-some years, there came another transformation—the shift from socialism to capitalism. Now, ten years have passed since the beginning of the so-called "transformational reforms" in Russia. Is this not enough time, to think through what happened to us?

What is happening in Russia today? I would put it this way: In Russia today, everything is happening, and nothing. The vast assimilation, like the Sahara Desert, of the so-called experience of liberal reforms in the world. And now, we are just beginning to discover that this experience is composed of ozone holes. These holes are formed in the depths, along two axes. The first, is what Mr. LaRouche said about a reform of the economy, carried out without any regard for the main subject of economy—human beings. Man and his requirements remained outside the scope of these reforms.

The second problem, to which Mr. LaRouche also constantly draws attention, is the problem of financial pyramids

and financial bubbles. In this respect, I would like to remind you of what happened in 1972. At that time, when we still had Bretton Woods, the representatives of England, France, the U.S.A., and others gathered, concerning the payment of debt obligations with the so-called gold-standard dollar. I think you would agree that the end of this, in 1972, was the first major default in the world financial system. As a result, a new system of relations took shape in the world—the system we are living under today.

If we look at one of the parameters of monetary regulation on the world financial markets, namely, the ratio of total indebtedness to money supply + total domestic debt, we find that in Russia today, this ratio is 47%. In the past month and a half, it has declined by five percentage points, which had to do with interventions made in support of the exchange rate of the ruble.

For years, we understood financial stabilization as meaning the issuance of cash, in strict correspondence to Central Bank gold and currency reserves. After 1972, however, America demonstrated for us quite a different policy. At the present time, only 4¢ of every dollar actually has any backing. The entire world, however, is flooded with these 4¢-backed dollars, and the world is functioning. At the same time, this raises the natural risk factor. This system is completely devoid of real material backing, which essentially works on its own behalf, creating one of the fundamental causes of the current crisis, which today we call “terrorism,” and so forth.

I shall not expand on this at length, but I would like to say that I am familiar with what Mr. LaRouche says about this, as with his other work. In conclusion, I would like just to draw your attention to the following circumstance: Next year, as you know, the world public, and governments, will be involved in the so-called “Rio Plus 10” activities [the tenth anniversary of the UN ecology summit in Rio]. The system of global balance will be the subject of a new international congress of nations, at which new resolutions on stabilization, economic development, and sustainable development will be discussed. I believe we may expect another upwards spiral of completely unfounded populist, propagandistic documents, which will involve no analysis of any profound processes of world social development.

As I listen to LaRouche today, I can’t help but ask this question: Do we not, after all, already have here a well-developed, mature idea, of what the world should look like, with a system that would block the global crisis of humanity? The time has come to formulate these qualitative parameters, as we see them, of a society that proclaims the necessary social guarantees, a society that will write on its banner the principles for a rational utilization of what we call the planet’s “assimilation potential.” Then, finally, we shall say what kind of financial system we should have, linked to the real sector. In Mr. LaRouche’s terms, this is “physical economy.” It should be developed not for the sake of speculation, or for money as such, but in order to build bridges among nations and develop science and technology. That’s what is impor-



Dr. Sergei Glazyev, chairman of the Economics Committee of the State Duma: “I hope that [LaRouche’s] warnings and analysis will be listened to in Russia, not only among scientists, but by those who are in a position to make decisions.”

tant. But we, to a significant extent, conduct our discussions and teach our students according to what today seems to me to be a false paradigm.

Otherwise, the world is becoming extinct. We have enormous epidemics. Sixty-seven percent of the world’s population enjoys only 4.8% of world GDP. I don’t know if Lyndon LaRouche is aware, for example, of how things are with us. Reforms are all very well, with stabilization of the financial markets, but if things continue as they have been, the Russian population in mid-century will have shrunk by at least 45 million persons, below what it is today. So, why are we doing all these things? Why have reforms, why have liberalization, if there are not going to be any people? And Russia is an exact mirror reflection of what is happening in the world. We should be thinking about being guided by different criteria.

We have assembled here at one of our leading institutes. Economics: Formally, I am the leader of the Economics Section of the Russian Academy of Sciences. And I would just like to express this concern: I feel very uncomfortable about the question of what the science of economics is. Is it what we have discussed here with Mr. LaRouche? Is it something different—with a *moral* component? We find today, that a whole array of models and postulates, which an educated person learns, suffers from a flaw that is, in my opinion, an essential one. The significant premises of these models do not stand up to criticism. They are very remote from real life.

On this optimistic note . . . I should say that this was a very good lecture.

I am pleased that my colleague in the Economics Section of the Academy of Sciences, Dr. Glazyev, has arrived. I think he is an advocate and a well-wisher of Mr. LaRouche. I think that he demonstrates very well, a new approach and new type of thinking. Many other economists, I must say, remind me of horses, who charge ahead at full speed, but they have blinders on. They are speeding along the very brink of an abyss. I asked one of these horses about this, and he replied, "Yes, we see the precipice, but the IMF's theory requires that we go this way."

Sergei Glazyev: I should like to express my happiness, that Mr. LaRouche is here with us, and has been able to visit our country. He has a large number of supporters in our country, not only among economists, but also from other scientific disciplines, and in the recent period also the political elite is paying attention to what he says. I hope that his warnings and analysis will be listened to in Russia, not only among scientists, but by those who are in a position to make decisions. I think this is all the more necessary, insofar as, according to his hypothesis of world financial, economic, and political development, Russia has a great responsibility, and an important role to play.

I do share this view, and therefore I hope that we shall succeed in attracting the attention of the economics community, as well as political circles, to Mr. LaRouche's forecasts, as well as to the solutions he proposes, on how to create the basis for sustained growth.

Lvov: Thank you. I would like to thank Lyndon LaRouche personally, for coming here and bringing us together today. I am also grateful for the very correct concept he presented. Russia has earned its role, through its sufferings and experience. It should show the world a new model of development, and I think that the Americans should listen to a voice from Russia.

LaRouche Interviewed In Russian 'Currency Dealer'

The December 2001 issue of the monthly Valyutny Spekulyant (Currency Dealer) carried a four-page interview with Lyndon LaRouche, translated from replies to written questions submitted to him by the editors. The text provided here is drawn from LaRouche's replies in the original English, abridged to correspond with what appeared in the Russian journal. The replies were composed in late October 2001. In accord with the theme of the issue, which was the impending, Jan. 1, 2002 circulation by the European Monetary Union, of

the cash euro, Valyutny Spekulyant titled the interview, "The Euro Will Not Strengthen Sovereignty."

Valyutny Spekulyant's editorial introduction: In our last issue, *VS* introduced our readers to an extraordinary man, one of the leading economists of our time—Lyndon LaRouche. During Mr. LaRouche's visit to Moscow [in June 2001], we discussed a wide range of issues with him and his colleagues, touching on his forecasts for the development of civilization, Russia's role in the world, and economic and financial matters, particularly the existing monetary and financial system and the future of the "new economy." The events of Sept. 11, 2001 sharpened the public interest in these problems. We contacted Mr. LaRouche and asked him to answer our questions.

Q: What is now happening with the world economy? Analysts express contradictory opinions. Should we expect the leading countries of the world to prosper, or are hard times ahead?

LaRouche: All successful forms of national economic systems have been based upon three principles which repeatedly proved themselves in all the successful periods of the U.S. economy: a.) a protectionist form of the state, including state monopoly over the creation of money and a national banking system; b.) emphasis upon the primary, undivestible responsibility of the state for promoting the development and maintenance of all of the land-area and of all of the population of the nation, as by assuming public responsibility for building, maintaining, and regulating basic economic infrastructure; c.) fostering high rates of scientific and technological progress in entrepreneurships, and giving preferential treatment to those entrepreneurships which show themselves efficiently dedicated to that result.

The American System of political-economy, as defined by Benjamin Franklin, Alexander Hamilton, the Careys, and Friedrich List, has been the most successful model of national system thus far. In all the positive features of the Soviet economy's performance, prior to Andropov, the points of similarity to the American System are notable. I have introduced significant systemic improvements to the American System through my developments in the field of the science of physical economy. . . .

The U.S. economy's statistical performance during the recent dozen years, must be examined from a twofold standpoint: a.) the economically unearned resources it extracts from the rest of the world in its role as sharing global imperial power with the world's London financial center, and its power, therefore, to tax the rest of the world for its support; b.) the net performance of the U.S. domestic economy as such.

On this account, two sets of statistics are of most immediate interest: a.) the growth of the U.S. current account deficit; b.) the increasing dependency of the U.S. financial-market bubble's support on vast contributions of financial influxes and credit from its semi-colonial subjects, such as Japan. One is reminded of the decline of the empire of ancient Rome,

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ВАЛЮТНОЕ СПЕКУЛЯНТ

12 (26) 2001 REUTERS CQ

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ВЕРДИКТ ДЛЯ ЕВРО
РЕКОРДНАЯ СТОИМОСТЬ СТРАХА
ДЖО ДИНАПОЛИ: ДО ВСТРЕЧИ В МОСКВЕ!

ТЕМА

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В прошлом номере журнала «Валютный спекулянт» читатели с удивительным человеком, одним из выдающихся экономистов современности — Ландоу Ларуше.

Во время визита г-на Ларуше в Москву мы обсудили с ним и с его помощниками огромные количество проблем, касающихся прогнозов развития цивилизации, роли России в мире, экономической и финансовой аспектов, в частности, сложившейся валютно-финансовой системы, будущего «новой экономики». События 11 сентября 2001 г. резко увеличили интерес общественности к этим проблемам. Мы связались с г-ном Ларуше, проживающим в настоящее время в Германии, и попросили его ответить на наши вопросы.

«Валютный спекулянт»: Что сейчас происходит с мировой экономикой? Аналитика высказывает противоречивые мнения. Следует ли ожидать продолжения ведущих стран мира, или, наоборот, нас ждут трудные времена?»

Ландоу Ларуше: Все формы национальной экономической системы, доказавшие свою эффективность, основаны на трех принципах: а) протекционистская политика государства, доказавшая свою эффективность, позволяющая государству вмешиваться в создание валютной и национальной банковской системы; б) терристорская и местная ответственность государства за развитие и финансирование всей территории страны и всего населения — в первую очередь, ответственность за строительство, поддержание и регулирование основной экономической инфраструктуры; в) стимулирование высокого уровня научно-технического прогресса в стране, предпочтительнее тем предпринятием, которые эффективно выводят у себя наиболее научные разработки.

Американская система валютно-финансовой системы, разработанная Бенджамином Франклином, Александром Гамильтоном, отцом и сыном Кери и Фредериком Диксом, — самая успешная модель системы национальной экономики за всю историю. Кстати, во всех полномочиях моментах советской экономики, если брать ее доктринальные парадигмы до Андропова, можно увидеть определенное сходство с Американской системой. И в свое время предождал существование системных изменений Американской модели, основанные на моих разработках в области физической экономики.

Наиболее политическое руководство США отшло от основ Американской системы. Развитие американской экономики за последние десять лет должно быть рассмотрено в духе аналитики Валюта, это — экономика не зарыбленные территории и другие ресурсы, которые американская экономика выигрывает от этого последнего мера в связи с тем, что Уолл-стрит сотрудничает с мировым финансовым центром — Лондонской Сити — в роли руководства глобальной империи. США фактически используют свою мощь для обмена с другими странами «маленького» чтобы поддержать финансовое развитие своей системы. В противном случае, необходимо рассмотреть этот процесс развития американской экономики как таковой.

Здесь наиболее интересна следующая статистика: рост дефицита текущего счета США и растущая зависимость «маленького» от американского финансового рынка от огромной волатильности финансово-

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ВАЛЮТНЫЙ СПЕКУЛЯНТ Декабрь 2001

LaRouche answers questions from the Russian monthly Valyutny Spekyulant (Currency Dealer), on the global economic collapse, and what should be done to build a new monetary system.

whose wealth depended increasingly less on its domestic production, and increasingly more on its imperial power to loot subject territories.

From 1995 through 2000, the principal internal prop to the U.S. financial markets, was the creation of a cancerously hyperinflationary financial-asset bubble around a pair of hoaxes: a.) the so-called Y2K scare, and b.) the myth of the so-called “new economy.” The incited fear, that all the world’s computers would collapse on the date of Jan. 1, 2000, was used to pump vast sums into what became known as “the new economy” stock-holdings. Despite the shocks which hit the financial markets for such stocks during March 2000, desperate efforts kept that market afloat until after the Nov. 7, 2000 U.S. general election. Now, trillions of dollars of shareholdings in related categories of stocks have been lost from the collapse of that bubble, while the real economy is undergoing collapse on a gigantic scale.

On a world scale, the inevitability of the present collapse was made clear by the successive crises of 1997 and 1998. During the first three quarters of 2001, a general collapse in the non-financial categories of the economy has been accelerating at rates exceeding the 1929-1932 U.S. experience, while the nominal value of the financial markets is supported by literally hyperinflationary bubbles, including a gigantic real estate mortgage-refinancing bubble run by the U.S. Federal Reserve System through institutions such as Fannie Mae.

Q: It is obvious that you do not approve of the actions of the Russian reformers. They claim that there is no basis for concern about a possible crash of the U.S. dollar. As for their own application of monetarist policies in Russia, they say that

their failure can be explained by the fact that “anti-liberal forces” supposedly did not allow them to carry out their plans in full.

LaRouche: Given the facts, it is fairly said, that the one current opinion which rivals U.S. Federal Reserve Chairman Alan Greenspan’s collapsing reputation, is the peril to the essentially political hyperinflation in self-estimation among Russia’s waning flock of liberal economists.

I associate the so-called “young reformers” with what I prefer to classify as “The Andropov Kindergarten.” I associate them with a group of then promising young figures for a future Soviet *nomenklatura* who were seduced by the same global network which created the image of British Prime Ministers Margaret Thatcher and Tony Blair, and also created the takeover of leadership of both the U.S. Republican and Democratic parties by the same radically monetarist doctrine.

Since 1917, Russia has experienced the rise and fall of the Soviet system, and a subsequent, 1992-1998 ruin of post-Soviet Russia. On balance, if we put aside the not unimportant matter of personal freedom, the system which the “Andropov Kindergarten” imposed, as with guidance from the International Republican Institute of the U.S. Mont Pelerin devotees, has done vastly greater damage to Russia and its people than was ever brought upon those people by the Soviet system itself.

Saying that “the young reformers” were not given the chance to prove their system, is like saying that Russia’s current shortage of green cheese is the result of the Soviet government’s failure to colonize the Moon with cheese-gathering cosmonauts.

Q: You have repeatedly said that the world banking system is on the verge of a systemic crisis. Why is this? What should be done, in order to create a viable banking system?

LaRouche: The world's banking system can not be saved in its present form. We see presently, the attempt to meet an inflationary growth in debt-service obligations, out of a physical economy which is being collapsed at an accelerating rate by precisely the monetarists' methods of "fiscal discipline." Under these circumstances, the liberal monetarist's notions of "fiscal responsibility" create a spectacle like that of a starving man subsisting by cooking and eating his own feet. There is no way in which current financial values can be sustained within the terms of the existing monetary and financial system.

If the attempt were made, to introduce partial reforms which do not amount to bankrupting the existing international monetary and financial system, the world would be plunged into not a mere global depression, but a prolonged "new dark age" of humanity.

Therefore, there is no sane way in which the existing international monetary system can not be put into receivership, and most of the financial charges in the system either cancelled, or frozen as non-interest-bearing accounts pending their reorganization. Those authorities which lack the insight and will to take that course of action would therefore be demonstrating their own moral unfitnes to survive.

These measures of reform require the summary cancellation of all recently introduced measures of so-called "globalization," that on grounds of emergency conditions. All authority reverts to the sovereign form of nation-state, and to concerts among such nation-states. These states, individually or jointly, as each case requires, shall take the present international monetary and financial systems into receivership. Those states, either individually or in concert, as appropriate, must take emergency actions to defend and promote the general welfare of all.

As I have stated in earlier locations, there are four indispensable, leading elements for the survival of civilization beyond the relatively short term immediately ahead: a.) Put the existing system into bankruptcy-receivership under sovereign nation-state governments; b.) Create a new source of state-issued long-term credit, in national banking mode, to sustain and expand the national and world physical economies; c.) Launch long-term infrastructural-building projects and complementary investments in productive technology, to sustain and increase productive employment; and, d.) Reform university-led national educational systems to the effect of providing a science-driver impetus for technological progress in designs of products and processes.

Q: After Sept. 11, 2001, the dollar fell sharply, as did stock markets in the United States and Europe. Now, there is some rise in share prices, and many analysts say that the U.S. economy has recovered from the shock, caused by the terrorists actions. Is this correct?

LaRouche: During the period following the shocking events of Sept. 11, the falsehood was spread, that it had been the Sept. 11th attacks which had caused a decline in the markets. The falseness of that rumor is readily shown by looking at the relevant data for the period ending Sept. 10th. Except for the impact on the airlines industry, there was no significant impact on the markets attributable to the attacks of Sept. 11th. Since that time, there has been an unprecedented rate of hyperinflationary monetary and financial pumping of financial markets, but accompanied by an accelerated rate of collapse in the real economy of both the Americas and Europe.

The report of a "gradual recovery" is false propaganda, aimed at the desire of many for the consolations of officially decreed, wishful delusions. The basis for the acceptance of such delusions is twofold, the fear of opposing openly the official propaganda of the U.S. government, and obsession with short-term financial manipulations which are contrary to all systemic features of the current physical-economic process. In fact, nothing has been done by the U.S. government, thus far, which would reverse the systemically-driven, accelerating downward slide in the economy as a whole.

The world is deep into the terminal phase of the worst general monetary and financial collapse in modern history.

Q: You say that the existing financial and monetary system will return, sooner or later, to a version of the Bretton Woods system. What is the difference between the "gold standard" and the "gold-reserve standard" systems?

LaRouche: The difference between a "gold standard" and a "gold-reserve standard," is essentially a fundamental difference in systemic character between the British System and the American System of political-economy.

Under the strict definitions of the U.S. Federal Constitution, no currency can be issued except under the authorization of an act of Congress, and the currency issued by the Treasurer of the U.S. Admittedly, this constitutional law has been violated several times in U.S. history. It was violated by a series of Presidents installed by the "free trade" policies of the American Tories' Democratic Party of the Nineteenth Century (e.g., Andrew Jackson, Martin van Buren, James Polk, Franklin Pierce, and James Buchanan).

The British gold standard was introduced through Manhattan banking circles which were known British agents, under the so-called "Specie Resumption Act" of the late 1870s. The tradition of the British gold standard remained in force until President Franklin Roosevelt ended it. Unfortunately, the U.S. gold-reserve standard was nullified by the American Tory faction's President Nixon, during 1971-1972.

The British-decreed international gold standard, based the value of currency on assigning a gold-weight content to a unit of paper currency, and then letting the value of that currency float according to the price of monetary gold on the London exchange. The gold-reserve system was created by pegging the price of gold in U.S. dollars, and setting fixed exchange-

rates between the U.S. gold-reserve-based dollar and other currencies of the Bretton Woods system.

The gold-reserve standard was well adapted to the role of the U.S. in rebuilding war-torn, depression-ridden Europe during the first 20 years after 1945.

Under a highly protectionist form of the original, 1945-1958 phase of the Bretton Woods monetary system, the basis for a set of relatively fixed parities among currencies was supplied by long-term investment and trading agreements, including heavy emphasis on basic economic infrastructure and long-term capital investments in production of agricultural and industrial goods. Notably, basic economic infrastructure has a physical investment-attrition cycle in the order of a quarter-century, while typical industrial investments have physical-economic life cycles of more than ten years.

By arranging long-term credit and investment on knowledge of the way these investment-production cycles work, it is possible, through a well-designed set of fixed-parity agreements, to project medium- to long-term balances on trading and investment accounts. Under those conditions, the short-term, annual balance-of-payment settlements are efficiently premised upon treating gold monetary reserves at a fixed dollar price, as the last commodity considered in calculating balance-of-payment accounts.

Thus, the British gold standard is a rentier-financier system, based upon the Venetian model from which the modern Anglo-Dutch financial system was derived. Whereas, the gold-reserve standard is a lawful expression of economic relations among technologically progressive agro-industrial national economies of an essentially physical-economic design.

At this point, there are no best, worst, and realistic cases available. Either the present international monetary-financial system is ended, and replaced by something like the 1945-1963 form of the original Bretton Woods, or there will be no civilization. Those who seek a middle ground will find it in a continuation of the present slide of civilization into what the ancient Mithra cult defined as Hell.

Q: There is much discussion in Russia, among ordinary citizens as well as officials, about the coming circulation of the cash euro. Financial analysts have contradictory forecasts for the euro's regional and international roles. Will the euro be the medicine that can cure the world monetary and financial system?

LaRouche: "Euro" is a by-product of the agreements struck among the Thatcher, Mitterrand, and Bush governments during the 1989-1990 interval. The expressed fear of the Thatcher and Mitterrand governments was, that the reunification of Germany would unleash the natural inclination for close, long-term economic cooperation between Germany and the states of the former Comecon. Mitterrand, like Thatcher, was a venomous, virtually "racialist" hater of Germans.

President George H.W. Bush, on advice of U.S. Ambassador to Germany Vernon Walters and others, tempered the

German-hating venom of the British and French; with the result that Germany's reunification was forced upon the reluctant British and French governments. The Maastricht Treaty, chiefly aimed to keep Germany, Italy, and the former states of the Comecon under an Anglo-American thumb, was the result. The principal purpose of the euro, is to prevent a natural revival of the nation-states of continental Europe, while the British remained outside the euro, pending the time that the continental euro was so bankrupted that the British could buy into Europe cheap.

No national economy could enjoy net long-term growth except through the benefit of state-created credit. This credit must be either created by the will of sovereign nation-state governments, or supplied through international loans or grants. The function of such credit, is to provide advance payment for the production of goods yet to be produced, goods which would not be produced without the supply of the credit needed for that production. If a state is prohibited from creating state credit, it has no sovereignty, and will grow only to the degree its foreign masters permit this to occur.

Since the successful assassination of Deutsche Bank's Alfred Herrhausen, in the closing weeks of 1989, no German banker has dared to pursue policies consistent with Germany's long-term economic interest. The primary significance of the euro, in its present, Maastricht-dictated form, is not only to prevent continental Europe's economy from recovering, but to continue to loot it, as if "down to the bone." As long as the terms of the Maastricht Treaty remain in force, no significant recovery of those portions of continental Europe will ever occur.

Q: Mr. LaRouche, how do you see Russia's role in the world? And, what would you like to wish all Russians for the New Year?

LaRouche: I define Russia as a specifically Eurasian nation, by reference to that historical process of the emergence, and eastward development of modern Russia, which was set into motion during two centuries dated approximately from the Ottoman conquest of Constantinople. It reflects its roots in the culture of ancient Classical Greece; but, modern Russia also incorporates its eastward development, its emergence as the natural cultural bridge linking Europe as a whole to the cultures of Central, East, and South Asia. Its national character is not to be seen as the sum of individual, accreted parts, but, rather, as a functional-cultural process of bridging the relations of European civilization to Asia as—implicitly, at least—a whole.

We must collaborate to bring a durable and productive peace among sovereign nation-states into being on this planet, before it is too late for not only all of us living today, but our immediate descendants, too. This is the greatest crisis of all humanity in all known history to date. We must recognize and accept that fact, embracing no consoling delusions, and conduct ourselves accordingly.

IMF Rule Shatters In Argentina; Now For The General Welfare?

by Cynthia R. Rush

It is assured that as of Dec. 20, governments of Ibero-America, not to mention London, Wall Street, and the International Monetary Fund, are in a state of panic. The government of Argentina, that erstwhile pillar of neo-liberalism, with a real foreign debt of over \$220 billion, has crumbled before their eyes, just as 2004 Democratic Presidential pre-candidate Lyndon LaRouche and this magazine said it would, if IMF policy were continued.

In the 24 hours between Dec. 19 and 20, first the hated Finance Minister Domingo Cavallo was ousted, by a mass outpouring of citizens who would tolerate no more of the free-market savagery he learned at Harvard; then, the equally despised President Fernando de la Rúa and his cabinet were forced to resign after opposition Peronists refused the President's offer to form a "national unity" government, based on the same neo-liberal model.

The composition of the new government is as yet undetermined. After he resigned, de la Rúa flew off into the night in a helicopter, and the Senate President, Peronist Ramón Puerta, was named as the country's provisional President, as next in the line of succession. Following procedures outlined in the Constitution, a special Legislative Assembly will meet on Dec. 21 to elect de la Rúa's permanent successor, or call new elections. The Peronists, who control both houses of Congress, and run 14 provinces, will be the dominant political force in any new government.

Banker Chrystian Colombo, who served as de la Ruá's chief of cabinet, is now the acting Finance Minister. Cavallo, who reportedly transferred his U.S. bank accounts to London in preparation for fleeing the country, has now been prohibited from leaving by three federal judges, pending investigation into illegal arms trafficking which occurred in the early 1990s, when he served then-President Carlos Menem as Finance Minister.

The General Welfare

Despite hysterical media blather about there being "no Argentine contagion," more lucid minds know that this country's breakdown mirrors that of the international financial system, and that the extensive Argentine exposure of U.S. and European banks and companies—Spain is now in dire straits because of its sizable holdings in Argentina—could bring down the whole shebang. Brazil's currency has begun to collapse, and there are fears that this economic giant, together with Mexico, and perhaps equally vulnerable nations like Poland and the Czech Republic, could follow Argentina into the abyss.

These dramatic events place on the table for immediate consideration Lyndon LaRouche's New Bretton Woods and Eurasian Land-Bridge proposals, as well as the necessity of freeing from jail the one Argentine patriot capable of rallying his countrymen to save the nation: former Army Colonel and Malvinas War hero, Mohamed Alí Seineldín. Decimated by years of budget cuts, the Army itself is incapable of acting. But Seineldín is admired both inside Argentina, and in Ibero-America for his unflinching defense of national sovereignty. Seineldín has also publicly endorsed Lyndon LaRouche's call for a New Bretton Woods financial reorganization of the bankrupt world system, as the necessary policy for Argentina.

In remarks made Dec. 20 on the Argentine developments, LaRouche emphasized that, now that the IMF's genocidal model is dead, "the only legitimate function of government is the general welfare of the people and their posterity." That must be Argentina's number-one priority. LaRouche had earlier proposed that Seineldín be named as Argentina's debt negotiator, as the only leader capable of defending the national interest against the IMF and related vultures.

What these tumultuous events mean for the payment of Argentina's \$220 billion foreign debt, is unknown. What is



The crucial question for Argentina now is whether imprisoned Malvinas war hero, Col. Mohamed Ali Seineldín, will be freed to take national leadership of the destroyed country.

clear is that there will be a brawl to determine the nature of the next government. A currency devaluation, abandoning the dollar-peso peg of the last decade, is a foregone conclusion, probably followed by an official default, and perhaps dollarization.

Several Peronist leaders have publicly addressed the need to scrap the IMF model, and return Argentina to a path of industrial development. Some have specifically said that debt payment must be subordinate to investing in development and caring for the population. But whether they will dare to make a clean break with the IMF, remains a question mark. Nor is there any doubt that the international financial establishment will do everything possible to ensure that Argentina not break from the genocidal policies which brought it to this crisis point. Anglo-American media are warning of the dangers of returning to “protectionism.” In a Dec. 20 press conference, IMF spokesman Thomas Dawson denied that IMF policies had anything to do with causing the Argentine upheaval. “As we’ve made clear, we were not requesting any specific policy measures,” he lied. The same day, White House press spokesman Ari Fleisher underscored that President Bush “would like to see Argentina working with the IMF to be able to

work through this situation in ways that lead to sustainable economic growth.”

The IMF Model Is Dead

The astonishing rapidity with which Argentina’s government crumbled, demonstrates the fragility of the IMF’s model. Dec. 19 began with mob violence, as starving citizens, beaten down by Cavallo’s fanatical imposition of ever deeper austerity, and egged on by provocateurs and pro-terrorist leftists, raided supermarkets and other shops in seven provinces, carrying away food and other goods, while damning both Cavallo and de la Rúa. When the violence threatened to spill over into the federal capital, Buenos Aires, de la Rúa declared a state of siege, and went on national television that evening to ask for “patience” and charge that “enemies of the Republic” were behind the violence.

By that time, the protest began to take on a different character altogether. As the pathetic President spoke, middle class residents of the capital began to drown out his words with a “pots and pans” protest, and took to the streets demanding that both Cavallo and de la Rúa leave. Men, women, and children filled the city’s plazas, 10,000 in front of the Congress, some thousands in front of Cavallo’s house, and 20,000 or more at the historic Plaza de Mayo, in front of the Presidential palace, the Casa Rosada. There were no banners—only the Argentine flag, symbolic of a *national* upsurge. *EIR*’s correspondent Gerardo Terán characterizes the patriotic outpouring as similar to the one which occurred on April 2, 1982 after Argentina retook the Malvinas Islands from Great Britain.

When word of Cavallo’s resignation spread among those in the Plaza de Mayo, they began to sing the national anthem.

Under these conditions, any attempt to continue with the IMF’s model could mean handing the country over to the narco-terrorist coalition, the São Paulo Forum, whose affiliates have found fertile ground for organizing jacobin violence in Argentina, because of the enormous popular rage over Cavallo’s destruction of living standards and jobs, in order to pay the foreign debt. The violence of Dec. 19 and 20 was just a foretaste of what could be expected, were the next government to attempt to continue Cavallo’s program. The riots and looting have already claimed 25 lives, with hundreds more hurt and over 2,000 arrested. On Dec. 21, hard-core terrorist figures are continuing to lead violent actions, claiming to speak for “the people.”

Nor is the issue just Argentina. As the world monetary system disintegrates at accelerating speed, institutional chaos is spreading across Ibero-America. The deterioration is such, that former U.S. President George H.W. Bush’s network of sleazy ex-Presidents is being dredged up as future “saviors” of their respective countries. Carlos Andrés Pérez is presenting himself as the alternative to the São Paulo Forum’s crazed Venezuelan President, Hugo Chávez; Alan García is in the wings as recently installed Peruvian President Alejandro Toledo totters in incompetency; and Carlos Menem in Argentina

LaRouche: What Argentina Must Do Now

Calling the collapse of Cavallo, De la Rúa, and the whole IMF showcase policy in Argentina “a Christmas present for all decent people internationally,” Lyndon LaRouche outlined six steps Argentina now should take:

1. Argentina must immediately decouple the peso from the U.S. dollar. There can be neither dollarization nor devaluation. Each would be horribly destructive.

2. This action of decoupling should be combined with the immediate implementation of currency and capital controls, of the 1950s style of measures that were the proven effective methods for protecting national currencies.

3. Argentina must also immediately adopt the proven, dirigist measures to expand productive investment in industry and farming, with emphasis on medium-sized industrialized firms, as LaRouche has proposed many times, and was earlier the core of the proposals of FDR and Lautenbach, in dealing with similar crises.

4. There must be an immediate freeze on all foreign-

debt obligations.

5. The new Argentine government must initiate criminal proceedings against ex-Presidents Menem and De la Rúa, and Cavallo, for having systematically lied to the Argentine people in hiding the de facto bankruptcy of the country, for the past ten years, and who, in lying to their own people, in criminal fashion, further increased Argentina’s foreign debt and systematically and corruptly sold out Argentina’s most productive and vital national assets. These criminal proceedings must also include the corrupt foreign accomplices, who abetted in driving up the debt and selling off the national assets—no matter where they are, in the private banking sector, in government, or in international lending agencies.

6. In dealing with foreign creditors and foreign powers, Argentina must recognize that its weakness is its strength. Argentina is merely a symptom of the current state of the global financial system. Therefore, whoever is pushing Argentina should realize that Argentina has the means to set in motion a process which will accelerate the true state of the bankruptcy of its foreign creditors—Spain, Italy, Germany, France, the United States, and Japan. Argentina can reveal what is the true financial conditions of those countries and the global system.

is trying to stage a political comeback. The way things are going in Mexico, former President Carlos Salinas de Gortari might be expected to show his face there soon.

Free Seineldín

Argentina can’t tolerate another Carlos Menem. IMF policy has reigned here since 1990. Cavallo’s mad determination, since taking office last March, to service an unpayable foreign debt by imposing ever deeper austerity, turned the country into a killing field. His insane “zero deficit” plan, which subordinated all economic activity to debt payment, gouged wages and pensions, cut funding to provincial governments and vital public services. Month after month, as tax revenues plummeted, Cavallo announced deeper budget cuts, culminating in the 2002 budget, slashed by almost 20%, as ordered by the IMF.

The only way he was able to come up with money to make even a partial debt payment, such as the one on Dec. 14, was by stealing from the population, first restricting cash withdrawals from banks and imposing partial exchange controls on Dec. 1, and then, seizing private pension funds, ordering them to liquidate their term deposits in banks, and hand the cash over to the government. Even with this theft, Cavallo could only cough up \$700 million of \$980 million owed by Dec. 14; only half of that was in cash; he told the IMF it would have to wait until later for the other \$180 million.

Meanwhile, the country has seen its once excellent health-care system disintegrate, as funding for public hospitals is cut to shreds, and the state agency in charge of retirees’ health care, PAMI, is no longer able to fund nursing homes and clinics falling under its purview. Elderly who relied on PAMI are being thrown into the streets. Unemployment hovers close to 20%—one in five workers are out of a job—and Argentines, who could at least always be assured of a good meal, are now starving.

Now, more than ever, it is imperative that former Colonel Seineldín be released from prison. Pressure for this is building. In mid-November, Army Chief of Staff Gen. Ricardo Brinzoni took the unprecedented step of visiting Seineldín in jail, where he has been for 11 years on charges stemming from the Dec. 3, 1990 uprising against the Army high command. The significance of this act wasn’t lost on the government. Seineldín has already requested he be released, and on Dec. 14, three thousand citizens marched from the Obelisk in downtown Buenos Aires, to the Casa Rosada, to demand the war hero’s freedom. The march was led by Mrs. Marta Labeau de Seineldín, who, upon reaching the Presidential palace, delivered a letter to President de la Rúa, requesting her husband’s release from prison. One of the officers who had participated in the 1990 uprising, told *EIR* that the march was the beginning of the movement that would lead to Seineldín’s release.

Scrap U.S. Argentina Policy Before It Is Too Late

by Lyndon H. LaRouche, Jr.

This release was issued Dec. 22 by LaRouche-in-2004

The U.S. Government will bring a great disaster upon itself, unless it immediately adopts two new policies in response to the overripe situation which has just exploded in the face of the International Monetary Fund's utterly failed recipes.

1. It must acknowledge that the previous decades-long U.S.A. and IMF policies for Argentina, have now shown themselves to have been the cause of the present, globally radiating financial-monetary catastrophe erupting in the wake of this week's inevitable default.

2. It must recognize that any effort to continue the austerity policies which have caused the present collapse of the market in Argentina's foreign debt, would have no effect but to detonate a world-wide catastrophe, spreading *via* Spain throughout continental Europe, into a Poland already rotten-ripe for a similar collapse, and to threaten to set off the an explosion of that hyperinflationary Japan debt-bubble on which the U.S. financial system continues to depend at this moment.

This week's already impending, inevitable Argentina default, marks a breaking-point in the world economy. This week, the world's present financial and monetary system reached a critical point in its post-August 1971 existence, beyond which the continuation of recent monetarist policies of "fiscal discipline" would plunge the entire world, over the coming weeks, into a condition far worse than anything experienced out of the 1929-1933 world depression. The point has been reached, at which nations still gripped by the ideology of monetarist lemmings, must either give up their monetarist delusions, or go over the cliff. Whether they like it or not, the U.S. and other G-7 governments have been thrown into the water; they must accept that fact, and swim, whether swimming is in accord with their habituated ideologies, or not.

The U.S. government must confess, at last, that the international monetary-financial system, considered as a whole, has entered a set of what are, ironically, Enron-like conditions, marked chiefly by the combination of Federal Reserve Chairman Greenpan's desperately hyperinflationary growth of nominal financial assets and obligations, and an increasingly deflationary collapse in employment in the maintenance of essential infrastructure and production of essential physical goods.

This means that the U.S.A., in particular, must immediately abandon reliance on a monetarist's deluded faith in the presently dying, market-driven economy, and return to the traditional form of the American System of economy, in which markets are driven by expansion of employment in technologically progressive production of goods.

The executive branch of the U.S. government must recognize what a catastrophic failure the 2001 performance of the Congress has been to date: that Congress is now going out of session, but it had already gone out of its skull months earlier. The 2001 sessions of Congress to date, have been among the most disgraceful in the history of that institution. The President faces a world economic situation in which I, were I President, would haul the Congress back into emergency session. Certain immediate emergency economic-policy actions, consistent with the intent of our Federal Constitution, but of crucial, global implications, must be crafted and adopted immediately, if a global economic catastrophe is not to be allowed to unfold, probably even before the President has completed his first term in office.

The Presidency must also recognize, that while the Executive Branch's post-Sept. 11th trend toward making the Federal government the rescuer of a collapsing economy, is correct



Some believe that, sooner or later, he will rebound.

in intention, it has generally failed in design. The way in which to pull an economy, such as the U.S. today, out of a new global economic depression, is not by pouring Federal bail-out funds into the corporate financial system, but by issuing credit-funded contracts in building employment in both basic economic infrastructure and physical technology of entrepreneurship. In all successful economic recoveries from depressed conditions, it is public investment in basic economic infrastructure, combined with credit-stimulus to non-shareholder forms of technologically progressive entrepreneurship in agriculture, manufacturing, and related ventures, which has been the principal source of the improvements in productivity of even large corporations.

The folly of the programs of deregulation and privatization set into motion under the Zbigniew Brzezinski-created Carter Administration, have been the chief source of impetus for the collapse being experienced by the U.S. economy today. The immediate reestablishment of a fixed-exchange-rate international monetary system, using a gold-reserve peg for this purpose, must be combined with the protectionist and stimulus packages needed to effect a rapid expansion in employment and technologically progressive investment in both public infrastructure and private entrepreneurship in agriculture and manufacturing.

The present world monetary-financial system is not only bankrupt; it is now hopelessly bankrupt. Vast trillions of U.S. dollar-equivalents are about to be wiped from the books. You

can not save that monetary-financial system itself; but we can save the economy. We can maintain, and expand production and distribution of useful goods and services, virtually without missing a step. The time has come to vote for the future, not the dead hand of the recent past.

The time has come to scrap all the monetarist ideology of the Mont Pelerin Society and kindred imitators of early Eighteenth-Century British economist John Law. The governments, led by the U.S. government itself, must take immediate emergency action, putting the IMF and World Bank into receivership in bankruptcy, and revive the proven principles which provided the successes of the 1945-1963 Bretton Woods, fixed-exchange-rate, protectionist monetary system.

The worst fools in government today, are those babblers who insist "You can't put the toothpaste back in the tube." Any competent farmer or industrial operative knows exactly how to put the toothpaste back in the tube. Ask them; they will show you how it is done! Also, as a precaution, fire all the politicians and economists who insist that it can't be done.

My final word of advice is: Don't behave like a pack of lemmings. Don't take that next step over the monetarist's cliff. Scrap the so-called "fiscal austerity" policies which the United States and others have used, not only to drive Argentina into state bankruptcy, but to create that Argentina default-detonator which now threatens to blow out the greatest part of the world's economies as well.

Do I need to remind you, even now, that I told you so?

LaRouche Forecast Debt Debacle A Year Ago

On Jan. 15, 2001, having opened the year by announcing his candidacy for the Presidency in 2001, Lyndon LaRouche made a forecast now dramatically underscored by the collapse of Argentina's debt and its economy. In an article for *EIR*, "The New Bretton Woods System: Framework For A New, Just World Economic Order," LaRouche wrote:

"The opening days of the year 2001, have unleashed what will quickly prove to be the worst, already long-overdue, global financial collapse in the recent centuries of history of today's globally extended form of modern European civilization. Unless certain corrective actions are taken soon, by some concert among a significant number of governments, this will quickly become, in a matter of months, not only the worst economic depression in recent world history, but also what is known in the economics literature as a global economic-breakdown crisis."

On March 21, 2001, Argentina's Radio LU5 questioned LaRouche at a Washington seminar on "The Bush

Administration: The First Sixty Days:"

"Mr. LaRouche, is Argentina really going to be able to grow by betting on the same prescription, which was presented yesterday, by the newly named Economics Minister Domingo Cavallo? . . . What are the real alternatives that Argentina has?" LaRouche answered:

"The policy, overall, is global, for the whole region. The deliberate intent of the policymakers in Washington and London is the disappearance of every existing nation-state in Central and South America, and of Sub-Saharan Africa; and other parts of Africa are also included, and some other parts of the world as well. That's the policy. And the dollarization of Ecuador is part of the policy; the dollarization of Argentina is part of the policy; Domingo Cavallo is a part of the policy, an obvious one. He's been travelling around the world as that. And the next stage is, once Brazil is broken up, then *all of the nation-states of Central and South America are doomed to be broken up into fragments*, run by various kinds of entities — no longer governments or nations — in a short period of time. . . .

So, the present system, the present situation, there's no way you can live with it. You're not intended to live with it. You're intended to die with it. The nation of Argentina is "intended to die."

Sharon's 'Dagan Plan' For Mideast Bloodbath

by Dean Andromidas

Israeli Prime Minister Ariel Sharon has been implementing a secret plan whose aim is to eliminate Palestinian Authority President Yasser Arafat, crush all Palestinian resistance, and wage further war throughout the Mideast. Sharon's plan was revealed in the country's largest-circulation daily, *Yediot Aharonot*, on Dec. 14-15, and then in the Dec. 18 *Le Monde* of Paris. They dramatically confirm warnings issued by U.S. statesman Lyndon H. LaRouche and *EIR*, that Sharon, the tool of a powerful Anglo-American faction, is being used to launch a religious "Thirty Years War" in the Middle East.

In *Yediot Aharonot*, Alex Fishman wrote that Sharon has "cold bloodedly" sought the physical elimination of Arafat. Fishman wrote that Sharon's moves to get Arafat "out of the game," were spelled out in "the Dagan plan," drafted "even before the election" of February 2001. Reserve Gen. Meir Dagan was Sharon's security adviser during his electoral campaign; as *EIR* reported, Sharon assigned Dagan to sabotage the mission of U.S. Middle East envoy Gen. Anthony Zinni (ret.), when Dagan was named as head of the security committee to confer with Zinni.

Dagan and Sharon are responsible for bringing Hamas' spiritual leader, Sheikh Ahmed Yassin, back to Gaza from his imprisonment in Israel in 1997, an action taken against Arafat's successful crackdown on Hamas in 1996-97. In September 1997, Sharon and Dagan had planned to have the Mossad assassinate Hamas leader Khalid Mishaal in Jordan, a provocation to spark an upsurge in Hamas retaliatory terror. But the operation was bungled, and the Jordanians arrested the Mossad hit-team; as part of the deal to secure their release, Sharon personally negotiated for Israel to release Hamas leader Yassin and return him to the P.A.!

Based on two premises, the "Dagan Plan" stipulates: "First, Arafat is an assassin; one doesn't negotiate with an assassin. Second, the Oslo Accord is the worst misfortune that has ever struck Israel, and everything must be done to destroy it." The Dagan Plan aims, says *Yediot Aharonot*, by means of a vast operation of escalating intensity, to progressively isolate the Palestinian President both internally as well as diplomatically.

The newspaper's sources confirm that the Sharon government decision to declare Arafat "irrelevant," ostensibly in response to the Dec. 12 suicide bombings, had actually been taken weeks before. The Dagan Plan foresees that once the Intifada uprising is suppressed, Israel "will negotiate separately with the dominant Palestinian forces in each territory —

with responsible Palestinians from the security forces, intelligence, and even the Tanzim" (Fatah). This is a crude attempt at "cantonization" of the Palestinian territories, which some Israeli ministers advocate. Nonetheless, according to Fishman's sources, the attempts to speak with "other forces" than those loyal to Yasser Arafat "produced nothing," because everyone knows that only Arafat can make decisions regarding peace negotiations, a fact recognized by the international community.

U.S. Must Act Now

Unless the United States, in concert with its European allies, decisively stops Sharon, he will lead the world into a new and unstoppable Middle East war. Sharon's Dagan Plan is aimed at ushering in the clash of civilizations concocted by the likes of Zbigniew Brzezinski and Samuel Huntington. Such a war, LaRouche warned, will lead to the destruction of Israel itself.

For 15 months since September 2000, *EIR* has exposed that, behind Sharon's schemes, stand very powerful political circles in the United States; their policies are those of the perpetrators of the ongoing military coup against the United States, initiated by the Sept. 11 attacks on the World Trade Center and the Pentagon (see accompanying chronology). Within the Bush Administration, this group has been led by Deputy Secretary of Defense Paul Wolfowitz and Deputy Secretary of State Richard Armitage. From outside the administration, Sharon's loudest supporters have been the networks around Henry Kissinger and Richard Perle. They are the ones who are pushing to target Iraq, Iran, and other Muslim countries for "Phase II" of the "global war against terrorism." Sharon is their man, whom they can count on to lead the region into war, even if the Bush Administration decides not to take the Iraq bait.

Lyndon LaRouche's Oct. 12 statement, "The World To Be Seen From Sunday" (*EIR*, Oct. 26), which exposed that the Sharon government planned to create a "breakaway ally" war provocation, is confirmed by the existence of the Dagan war plan.

The opposition leader in Israel's Knesset (parliament), Yossi Sarid, appealed to President George Bush to stop Sharon's march to war, in a statement in the *New York Times* on Dec. 20: "President Bush should be reminded that when Prime Minister Ariel Sharon is given an inch he takes a mile. That when he gets a green light he will not stop at a red one. Washington should inspect Sharon's moves carefully." Sarid recalled the 1982 Lebanese war, when Sharon was Defense Minister: "The present moment reminds me of the Summer of 1982, at that beginning of the war in Lebanon. . . . The United States should be extremely worried about intensification of Israel's military actions against the Palestinian Authority. If Mr. Arafat falls, he will not necessarily be replaced by Hamas or the Islamic Jihad, as often predicted. It is more plausible that complete anarchy would succeed him, an anarchy that would generate more violence and terror. Israel

Truth Will Out: Sharon's Government Is Fascist

Despite the most intense political pressure against stating the ugly truth about the Sharon government, that truth has been stated in blunt terms: by a group of prominent South African Jews on Dec. 8, and by the German daily *Der Spiegel* on its editorial page.

The "Declaration of Conscience" published by two Jewish heroes of the South African national liberation struggle—Ronnie Kasrils and Max Ozinsky—has caused such a stir that "there's never been a debate in the South African Jewish Community quite like this," according to a third co-signer, Stephen Friedman, quoted in the *Washington Post* on Dec. 19.

The Declaration, entitled "Not In My Name," directly compares and equates "the oppression experienced by the Palestinians under the hand of Israel, and the oppression experienced in South Africa under apartheid rule." Many white Jews fought against the apartheid system with the African National Congress. Ronnie Kasrils, for example, was an African National Congress military leader, and is

now South Africa's Minister of Water Affairs and Forestry.

Also on Dec. 18, *Der Spiegel's* chief editor Rudolf Augstein likened Israeli Prime Minister Sharon, to Hitler. Augstein wrote, "Ariel Sharon wants war, he has left no doubt about that. Two decades of peace efforts have been pushed aside by him. He sees Yasser Arafat as the main culprit to blame for his forced withdrawal from Lebanon in 1982. Sharon wanted to make Lebanon an Israeli protectorate. He would also compose a protectorate over Palestine, today, if they would only let him do it."

Augstein wrote, "Sharon keeps him [Arafat] hostage and is waiting for his political end. In history, there have been precedents under a different prefix. When Hitler had signed his devil's pact with Stalin, he waited with utmost impatience, for the fall of the Chamberlain government [in Britain]. The [German] Foreign Ministry found it difficult to make clear to him that an even worse enemy, Winston Churchill, would step in to take his place."

Israel's Ambassador to Germany, Shimon Stein, promptly wrote a letter to Augstein, denouncing any "historic analogy or something resembling a comparison between the prime minister of the Jewish state and the non-person who wanted to destroy this people."

would not be able to bear chaos and a power vacuum in the Palestinian areas. It would almost certainly be forced to enter the West Bank and Gaza militarily, reoccupying the refugee camps and Palestinian towns like Nablus and Hebron in full force. Perhaps this is the outcome that Mr. Sharon planned from the very start, but it would be a calamity, and the United States must help prevent it.

"So far," he warned, "American engagement has not been sustained enough to make a difference. . . . Washington must not leave the two sides to sort out their problems on their own when this fierce conflict threatens stability in the Middle East and the entire world."

The Assassination Of Arafat

The other victim of the Dagan Plan was U.S. Mideast envoy Gen. Anthony Zinni (ret.). Even the Israeli press confirmed that it was Sharon, not Palestinian terrorists, who sabotaged the mission and forced his recall to Washington. Akiva Eldar wrote in *Ha'aretz* on Dec. 18 that contrary to the claims of international media, Zinni had not blamed Arafat for the collapse of his mission. "Diplomats who earned Zinni's confidence heard something different," wrote Eldar. "They say that Zinni told them that he's going home under the impression that Ariel Sharon made a strategic decision to isolate Arafat and never to speak to him, for better or worse."

While the United States has kept silent on Sharon's "strategic decision" to never again work with Arafat, former chief

of Israeli military intelligence Gen. Shlomo Gazit (ret.) wrote a critique in the *Jerusalem Post*: "As long as Arafat is alive, he is functioning. Whether he is in Gaza, Ramallah or even in exile in Tunis—he is the elected chairman of the Palestinian Authority. . . . He, and only he, is the man who has to give the Palestinian approval to any agreement with Israel, whether on the national or the local level. . . . Whoever decided Arafat is irrelevant is deluding themselves. . . . I fear the government has chosen the path that will guarantee the opposite. We have chosen the path that will make Arafat yet more relevant to his people. No nation would put up with an external attempt to humiliate their elected leader, with an attempt to delegitimize him. The Palestinians are no less sensitive to their honor than we are." Gazit concluded, "In these circumstances, neither side has a choice: From now on they will let their explosive charges and assault helicopters do the talking."

Analyst Yoel Marcus, writing in *Ha'aretz* on Dec. 18, agreed that Sharon's intention is to have Arafat assassinated. "Labelling Arafat as a non-partner immediately arouses suspicions that he's next on the hit list. . . . Let's say 'pragmatic parties' in the Palestinian Authority, the kind 'we can speak to,' bumped him off. Isn't it obvious that the country would erupt in a bloodbath? Who would believe that Israel had no hand in it?"

Rather than act decisively, the Bush Administration is following a policy of dangerous ambiguity, where Secretary of State Colin Powell reaffirms (as he did on Dec. 13) U.S.

support for Arafat as the recognized leader of the Palestinian people, yet does little to stop Sharon's ongoing military attacks on the Palestinian Authority. The net effect is that the political administrative infrastructure of the Palestinian Authority is being crippled, while Hamas-affiliated imams in the Gaza Strip deliver sermons denouncing Arafat.

The Dagan Plan demonstrates that there is no longer room to try to "convince" Sharon, that the path of negotiations and peace will bring Israel security. The Bush Administration and its European allies must act to convince the Israeli political class, that removing Sharon from power and neutralizing his generals is the only way to prevent the terrible "success" of the Dagan Plan.

EIR Warned About Sharon Step By Step

Ariel Sharon launched the current Palestinian "al-Aqsa Intifada" by marching onto the al-Haram al-Sharif/Temple Mount on Sept. 28, 2000, with intention to spark the current conflict and bury the Oslo Accords.

Aug. 18, 2000: Lyndon LaRouche assessed the breakdown of the Camp David peace negotiations in "Water As A Strategic Flank: Where Clinton Failed," saying that President Bill Clinton had fallen into a dangerous trap when, under election campaign pressure, he sided with Israel Prime Minister Ehud Barak to blame Palestinian President Yasser Arafat for the collapse of the talks. This lie began the process, which

the Israeli press accurately characterizes as Sharon's secret plan: the de-legitimizing of Arafat. Sharon's war drive could then begin.

Oct. 13, 2000: *EIR* cover story, "Why The Fuse To War Was Lit In The Middle East," reported that Sharon's Sept. 28 provocation was hatched during Sharon's visit on Sept. 22 to New York, where he met with his financial backers. That same issue detailed Sharon's control of the "Temple Mount fanatics" apparatus, who planned to blow up the Muslim holy sites on Jerusalem's al-Haram al-Sharif, in order to rebuild Solomon's Temple.

Jan. 12, 2001: *EIR* reported LaRouche's warning that Sharon's election as Prime Minister would be a key component of a plan to launch religious war in the Middle East.

Feb. 16, 2001: *EIR* published LaRouche's call for a "Treaty of Westphalia" approach to the Mideast crisis.

April 20, 2001: *EIR* reported that Sharon was implementing "Operation Bronze," which appears to be very similar to the Dagan Plan. Operation Bronze had the minimum aim of crushing the Palestinian Authority, seizing no less than 60% of the West Bank; and the maximum aim of launching regional war.

May 4, 2001: *EIR* published LaRouche's widely circulated April 20 memo, "Nuclear War Now?" which warned of the threat that a nuclear war would come out of Sharon's aggression against the Palestinians.

July 6, 2001: *EIR* published LaRouche's statement, "Why Israel Would Now Lose A New Middle East War."

July 16, 2001: An *EIR* article, "Sharon's War Plan For Mideast Exposed," stated that Sharon was able to manipulate Hamas as his key tool to detonate the war.

Arafat: Hamas Are Sharon's Children

In interviews with leading Italian publications, Palestinian Authority President Yasser Arafat went into some detail regarding the genesis and operation of Hamas. To *Corriere della Sera* on Dec. 11, he said, "We are doing everything possible to stop the violence. But Hamas is a creature of Israel which, at the time of Prime Minister [Yitzhak] Shamir [the late 1980s, when Hamas arose], gave them money and more than 700 institutions, among them schools, universities and mosques. Even [former Israeli Prime Minister Yitzhak] Rabin ended up admitting it, when I charged him with it, in the presence of [Egyptian President Hosni] Mubarak."

In an interview with *L'Espresso* on Dec. 19, Arafat said: "Hamas was constituted with the support of Israel. The aim was to create an organization antagonistic to the

PLO [Palestine Liberation Organization]. They [Hamas] received financing and training from Israel. They have continued to benefit from permits and authorizations, while we have been limited, even [for permits] to build a tomato factory. Rabin himself defined it as a fatal error. Some collaborationists of Israel are involved in these [terrorist] attacks. We have the proof, and we are placing it at the disposal of the Italian government."

When asked what he thought of "these sons of Palestine who blow themselves up and spread death among Israeli civilians," Arafat answered: "Israel does not allow us to live a normal life. Youth who have nothing to eat, who don't see any future in front of them, are easy prey of the Islamist movements, which have large amounts of financing at their disposal. And where the money comes from is known. President Bush froze in one bank in Texas alone, \$61 million. Where does this money come from?" The interviewer asked: "Where?" Arafat: "Ask the U.S. administration, which knows all the details. Ask the Italian government too, and some Arab countries."

'True Confessions': Bin Laden Goes To Hollywood

by Muriel Mirak-Weissbach

No sooner had Osama bin Laden's latest video been broadcast on international television, than the word went out: "That proves it: Bin Laden did it!" After President George Bush expressed his certainty, German Chancellor Gerhard Schröder rushed to reiterate his "unlimited solidarity" by proclaiming the tape provided the "ultimate proof" of bin Laden's responsibility for the Sept. 11 attacks.

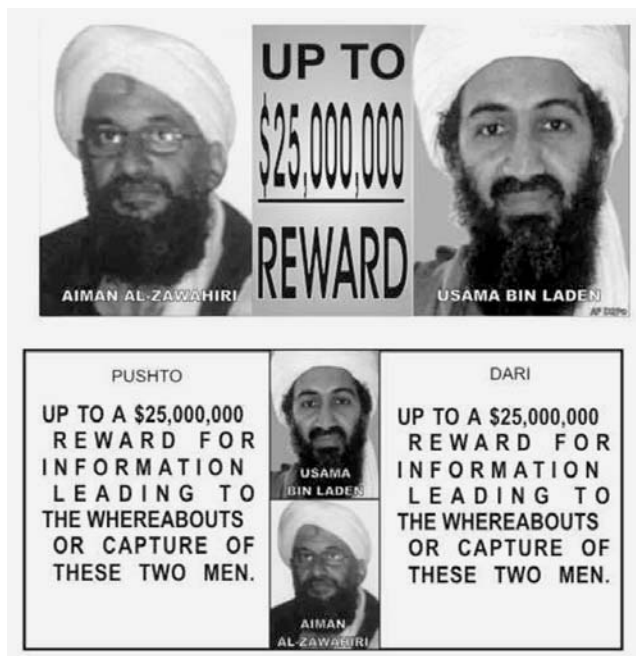
U.S. 2004 Democratic Presidential pre-candidate Lyndon LaRouche's immediate response to the tape's release was short and to the point: The whole thing is crap. One does not need to argue the fine points of inconsistencies in the tape, to come to this determination. LaRouche had already given the ultimate proof that neither bin Laden nor other such terrorist operatives were the masterminds, on Sept. 11 itself: LaRouche stated that the operation could not have been planned and carried out except with the participation of high-ranking, U.S. rogue elements in the military and intelligence apparatus. Nothing has emerged to change this determination, and no amount of video footage of bearded men talking about airplanes, can change it.

LaRouche's analysis has become hegemonic internationally; virtually no one in high political office or in intelligence circles, believes the bin-Laden-did-it story. That is why the video was released: as a desperate attempt to silence the growing number of voices protesting against the official line.

'A Fake Would Be Easy To Make'

The best commentary on the glaring inconsistencies, came in the Dec. 19 *Washington Times*, which reported on the acknowledgment, by an unnamed U.S. official, that the video mentioned nothing that was not already known, from CNN or other mass media. In fact, bin Laden got some items wrong in the video. The official commented: "The guy is . . . evil . . . so the fact that he's lying and making up details to fill in gaps in his knowledge shouldn't surprise anyone." In sum, said the official, "He was not fully informed about his own operations."

The video itself is ludicrous. As experts have testified, it could very well be a fake. In an article in the Dec. 15 *London Guardian*, Steven Morris pulled together the relevant expert opinion. In the article, entitled, "U.S. Urged To Detail Origin Of Tape," Morris wrote that doubts are growing over the authenticity of the video, and reported that special-effects



The idea that the bin Laden video proves anything, is a fraud on more than one level; he was apparently "not familiar with his own operations," as one official admitted.

experts say that a "fake would be relatively easy to make." On this basis, the U.S. government is coming under increasing pressure to provide details about the background to this "confession," Morris reported.

For many, the official U.S. story of how the video was found in a house in Jalalabad, eastern Afghanistan; then reviewed in Washington; then processed and released, "is too convenient," he writes. There are charges circulating, that the "bin Laden" in the video is a "look-alike," and/or that "images of him had been manipulated." Further, many find it surprising, that "a man with the ability to organize the attacks on America would be naive enough to confess on tape."

Henry Hingson, a former president of the National Association of Criminal Defense Lawyers in the United States, is also quoted: "In this day and age of digital wizardry, many things can be done to alter its veracity."

Morris reports: "Sean Broughton, director of the London-based production company Smoke and Mirrors and one of Britain's leading experts on visual effects, said it would be relatively easy for a skilled professional to fake a video of bin Laden.

"The first step would be to transfer images shot on videotape on to film tape. Distortion or 'noise' and graininess would be removed. A 'morphing package' would then be used to manipulate the image on a computer screen.

"Using such a package it is possible to alter the subject's mouth and expressions to fit in with whatever soundtrack is desired. The final step is to put the 'noise' and

graininess back on and transfer the doctored images on to videotape.”

The *Guardian* reports that Smoke and Mirrors recently issued an ad for a U.S. insurance company, in which “the technique was used to place Bill Clinton’s head on an actor’s body for comic effect.”

Broughton said that it would not be so hard to fake the video, but it would be more difficult to fool top experts: “There are perhaps 20 people in America who would be good enough to fool everybody. To find someone that good and make sure they kept quiet would probably be pretty difficult.”

Finally, the demand cited by the article, that the United States release more details about the tape, is raised: “Bob Crabtree, editor of the magazine *Computer Video*, said it was impossible to judge whether the video was a fake without more details of its source. ‘The U.S. seems simply to have asked the world to trust them that it is genuine.’ ”

Confessions ‘Serve A Precise Logic’

In addition to the expert opinion which the *Guardian* cites, *Réseau Voltaire*, an intelligence newsletter produced in France, also raised questions about the video. *Réseau Voltaire* was the first publication, after LaRouche’s Sept. 11 statements, to outline the theory of an attempted coup d’état in the United States. Following the issuance of the new video, *Réseau Voltaire* wrote in its “Information Note, Number 240-241,” that it was a cover-up. *Réseau Voltaire*’s editorial, “The Bin Laden Alibi,” notes various inconsistencies in the tape, and argues that the “confessions of bin Laden serve a precise logic: Stop the pursuit of an investigation, dispense with the search for proof, and supply an alibi to his accomplices, by attributing to him the sole responsibility.”

Among the inconsistencies: The religious strictures of the “Taliban and Wahabites forbid the use of films for entertainment,” and would not allow filming “a friendly meeting of this nature.” Bin Laden and associates had heretofore explicitly denied any responsibility for Sept. 11; were he to change his mind, he would have “orchestrated his claim to responsibility and assumed his role as the evil one, for us, and the hero, for others.” Instead, he let himself be filmed making confessions, from which he gains no benefit. *Réseau Voltaire* comments: “The scene reminds one of an American comic strip, where the bad guy brags about his crimes, punctuating his statements with sardonic laughter.” A further inconsistency is that individuals in the film make no mention of the “inside crimes,” in which, according to the Sept. 27 issue of *Réseau Voltaire*, the assailants had called the U.S. Secret Service, and used the authentication codes for Air Force One and the White House.

The newsletter continues, “More than ever, the links that connect Osama bin Laden to one faction of the U.S. Chiefs of Staff must be clarified.” *Réseau Voltaire* summarizes the

official links with bin Laden in the anti-Soviet campaign, which then became unofficial in the 1990s. *Réseau Voltaire* says that bin Laden was “in a coalition with the extremist fringe of the U.S. military apparatus and joined their fight against the Clinton Administration.”

‘No Proof’

Réseau Voltaire supplies a useful chronology of events since Sept. 11, regarding bin Laden’s supposed innocence or guilt, documenting how bin Laden and his spokesmen consistently denied having anything to do with it, until now. Other statements, from UN Secretary General Kofi Annan and French President Jacques Chirac, on Sept. 19, showed their insistence that proof be supplied. What was later presented as “proof,” were: British Prime Minister Tony Blair’s “report,” of Oct. 4; Pakistani Foreign Minister Imran Khan’s declaration, the same day, that “proof” had been given his government; U.S. Ambassador to the UN John Negroponte’s assertions on Oct. 7 that the U.S. government had “clear and indisputable information” (which, however, was never presented to the UN Security Council); and the London *Daily Telegraph*’s Nov. 10 story about a new bin Laden video showing his responsibility (which was never made public). Now, lo and behold, we have the new videotape.

Réseau Voltaire concludes: “Contrary to the assertions” of U.S. Deputy Defense Secretary Paul Wolfowitz, who had claimed that the videotape confessions confirmed bin Laden’s guilt, “they do not invalidate the existence of accomplices in the American military apparatus.”

Another journalistic intervention, also from someone close to intelligence circles, was published in the Italian daily *Corriere della Sera* on Dec. 14. “Osama proves to be the manipulator who is manipulated,” states a front-page editorial by Mideast specialist Guido Olimpio. Olimpio writes: “Yet, [bin Laden] does not reveal, as a serial killer would do, the unknown detail, one element of the great conspiracy which he has not read in the press or heard on the radio. Osama proves to be the manipulator who can be manipulated.” The video, “provided it is authentic,” Olimpio writes, “does not clear the field of the many doubts of the past months. . . . His reconstruction of the attack is not convincing.” Everything said on the tape, “has been written again and again since the massacre. Bin Laden seems to follow a draft. . . . But if he goes into such detail, why does he not add something unknown? One name, a particular of the operation, to demonstrate that he knows that which the CIA is looking for.”

What does the video prove? Only the extent of the deception under way. One should seriously consider the story of the famous “Hitler diaries,” which were published and grabbed up worldwide as the true, inside story. Leading historians in Britain and elsewhere, put their reputations on the line, swearing the diaries were authentic . . . until they were proven to be a total forgery.

Election Gives New Hope For Kosovo

by Elke Fimmen

The Democratic League of the moderate Albanian politician Ibrahim Rugova scored a major victory in the first parliamentary elections held in Kosovo since the NATO air war of 1999: It won more than 46% of the vote, while the PDK, led by former Kosovo Liberation Army (KLA) leader Hashim Thaci, received only 25.5%. The Alliance for the Future of Kosovo (AAK), of former regional KLA commander Ramush Haradinaj, got 7.8% of the vote.

There were 1.25 million eligible voters, among them 180,000 Kosovo Serbs and other non-Albanians. The turnout was about 65%, with 46% of the Kosovo Serbs still living there, and 57% of those who fled Kosovo, making use of their right to vote. Only in the divided city of Kosovska Mitrovika was voter participation among the Serb population under 9%, which was probably because of intimidation used by representatives of a Serb "election boycott" action. Parties of the Serb minority, which ran as a united coalition under the name of Povrotak, got 11% of the vote all together. Ten of the 120 parliamentary seats had been guaranteed to go to the Serb minority, as well as the non-Albanian population groups, from the beginning.

The great confidence displayed for Rugova shows clearly that the people in Kosovo want a peaceful future, and that there is no great support for the former KLA. Already in the local elections last year, KLA representatives were dealt a deadly blow. This did not amaze anyone, because the KLA grew significantly thanks only to the efforts of then-U.S. Secretary of State Madeleine Albright. Albright sidelined the moderate Rugova, in favor of the radical militia leader Hasim Thaci, as her interlocutor at the Rambouillet conference, and supported the KLA militarily and logistically. The NATO air war that followed, led to a dangerous political confrontation between the United States and Russia and China, as well as the collapse of the government of Russian Prime Minister Yevgeni Primakov, who had led the process of Eurasian cooperation.

KLA Now Correctly Known As Terrorists

Since the Sept. 11 attacks on the United States, the situation has not been so rosy for the former KLA leaders. Even in Macedonia, the page is being turned, judging by the statements of a high-ranking American on the scene, who called the KLA rebels "terrorists." Finally, the strategic situation has shifted, as seen in the new relationship between President

George Bush and Russian President Vladimir Putin.

One should remember, however, that at the end of the NATO war, many Albanians complained that they were being, in effect, held hostage by the KLA. In this atmosphere of terror, many people who did not adapt to the KLA line, and did not want to capitulate to KLA blackmail, placed their lives on the line, and some moderate LDK politicians were assassinated. In this context, it is through good luck that Rugova is still alive. Above all, this was thanks to the intervention of the Pope, who made it possible during the war for Rugova to go to Italy. A determined opponent of the war, Pope John Paul II intervened before and during the NATO war, to find a solution for Kosovo, if possible, with the help of the Russian government, whereby both the rights of the Kosovar Albanians and the sensitivities and history of Serbia would be respected.

Rugova is the only Albanian politician of Kosovo who could implement such a solution, even though the conditions for building a government with a coalition partner, do not make his task easy. When Rugova announced his election victory, he promised, "We will integrate the minorities into society." This will depend largely on what future will be offered the Kosovo population, which is now 50% unemployed. And it is a matter for the UN administration, UNMIK, which, in addition to police, justice, and customs, also controls the "parameters of the financial budget," even though the economics, social, education, and health ministries are under the government's control.

Considering Rugova's political and intellectual-moral background, it is clear that when he called for recognition of Kosovo's independence, it meant something completely different from what this has been associated with, since the creation of the KLA. Rugova is a man of dialogue, who, even under the most dire conditions, sticks to the principle of non-violence. In addition, the future status of Kosovo, the first official UN protectorate in history, depends on political decisions of international powers, especially the United States and Russia.

The maneuvering-room of the first elected Parliament of the "temporary self-administration" is limited, by the full decision-making power of UN Governor Haekkerup. The Parliament has no sovereign power to make decisions regarding the status of the province, and a referendum on independence is not foreseen for the next three years. Binding is the UN Resolution 1244 from 1999, which holds a final decision open. This makes it possible, juridically, to prevent a break with Yugoslavia, a break which could create problems for the new government in Belgrade.

Rugova's election victory presents a great opportunity for the beginning of a dialogue, which has to be seized now—and not only for Kosovo. As 2004 U.S. Democratic Presidential pre-candidate Lyndon LaRouche stressed, following the election, the international war faction is anything but happy about Rugova's victory, because this also has an effect on the

situation in Macedonia. Rugova is for coexistence and not for war. "And if it works in Kosovo," LaRouche said, "then it can work in Macedonia, too."

Ibrahim Rugova, A Portrait

by Feride Istogu-Gillesberg

Ibrahim Rugova was born on Dec. 2, 1944, in the village of Cerrce/Istog in Kosovo. On Jan. 10, 1945, his father Uke and grandfather Rrusta Rugova were executed by the Yugoslavian communists. Ibrahim went to school in Pej, and completed studies in philosophy in Pristina. His great interest in literature led him to Paris in 1976-77, to the Practical School for Higher Studies, where he studied under Prof. Roland Barth. In 1984, he received a doctorate in literary science, in Pristina. At the time, he was already a well-known writer. In 1988, he was elected chairman of the Writers Union in Kosovo, and on Dec. 23, 1989, elected president of the Kosovo League (LDK), which was the first non-communist party of Kosovo.

In 1990, when former Serbian President Slobodan Milosevic began his power struggle for a "Greater Serbia" in Kosovo, the Parliament there was destroyed, the Constitutional provision on the "autonomous status of the province of Kosovo" was annulled, and the ethnic Albanian population subjected to discrimination. All Albanian employees and workers were fired, and all school, radio, and television stations were shut down. Special troops were deployed and a state of emergency was declared.

Non-Violent Resistance

In this inhuman situation, Rugova was the hope of the population. His method of non-violent resistance was enthusiastically supported by the population. His philosophy is, that justice will win in the end. No matter how brutal the attacks may be, one must not give in to provocations. He said, "If we react to injustice with violence, we will lose our innocence. Violence provokes violence." He warned that, otherwise, one would be helping Milosevic achieve his goal, that is, to show the world that the Albanians are primitive separatists and terrorists.

To save the Albanian people from hunger and misery, the LDK, under Rugova's leadership, organized a 3% tax to be paid by Albanians working abroad. In this way, a school and health system could be built up. Maintaining school classes and university study was very close to Rugova's heart, as they would contribute to strengthening humaneness and self-confidence. His self-conscious attitude was an anchor of stability for the people. But because the situation did not improve, the LDK organized elections in 1992 and 1998, in which Rugova was elected president, by an overwhelming mandate. The elections were not recog-



Ibrahim Rugova (left), president of the Democratic League in Kosovo, with NATO former Secretary General Javier Solana.

nized by the Belgrade government.

President Rugova was always clear, that the Kosovo conflict had to come to the attention of world public opinion, if a peaceful solution were to be found. The LDK sent daily reports on the increasingly frequent, brutal attacks of the Serb military units, to its offices in Germany, the United States, Switzerland, and Denmark, which were then forwarded to governments, institutions, and press.

President Rugova's non-violent resistance thus won international recognition. The hopes that, despite the increasingly gruesome situation, war could be avoided, were growing. In 1995, Rugova was awarded the highest peace prize of Denmark, and in 1996, he was granted an honorary degree at the Sorbonne in France. That same year, the first American information center was opened in Kosovo. In 1998, the European Parliament awarded him the Sakharov Prize, and the following year, the peace prize of Münster, which commemorates the 1648 Peace of Westphalia, which ended the Thirty Years War. Rugova was given honorary citizenship in the Italian cities of Venice, Milan, and Brescia. He met with many heads of state, and was received by President William Clinton in the White House.

But, regardless, the war came. U.S. Secretary of State Madeleine Albright abandoned Rugova during the Rambouillet talks, and replaced him as negotiating partner for Kosovo with Kosovo Liberation Army leader Hashim Thaci. On May 10, 1999, President Rugova, his wife, and his three daughters were welcomed in Rome, and blessed by Pope John Paul II.

The Albanian people of Kosovo, in the elections of Nov. 19, 2001, have shown that they have not forgotten the deeds of President Rugova.

LaRouches Rejuvenate The Indian Elite

by Ramtanu Maitra

The Nov. 28-Dec. 5 visit to India by U.S. Democratic Presidential pre-candidate for 2004 and *EIR* founder Lyndon H. LaRouche, Jr., and Schiller Institute founder Helga Zepp-LaRouche, must be regarded as the rejuvenation of India's elite, now under attack by economic liberalizers and the globalization mafia around the world.

Mr. and Mrs. LaRouche met with a large number of high-level political, academic, and government officials. The subjects of discussion—which varied widely, encompassing of ten history, culture, and education—were focussed on two areas: the inadequacy and bankruptcy of the present international monetary system, and the highly volatile geostrategic situation. Mr. LaRouche's presentation at the seminar held at the India International Center in New Delhi (see *EIR*, Dec. 21, 2001), covered the entire gamut.

A New Bretton Woods

In most of their meetings, the theme remained the dangers created by the collapsing international financial system and the coup d'état threat begun with the events of Sept. 11 in the United States, and the war-like situation that prevails throughout Asia and parts of Africa. In their discussions with former Indian Prime Minister Shri Chandra Shekhar, Mr. LaRouche spelled out the bankruptcy, and the associated dangers, of the international financial system, and urged the Indian political leadership to demand a new international monetary system. Mr. LaRouche reminded him that India had been in the forefront of developing nations, providing them with leadership during the Cold War days through the Non-Aligned Movement, and had demanded a new and just world economic order as far back as the Non-Aligned Summit in Colombo, Sri Lanka in 1976.

Indian economic policy, which has been attacked throughout the past years because of its protectionist nature, withstood the financial collapse that bankrupted the financially wealthy Asian nations in 1997-98. This is because the policies of the late Prime Ministers Jawaharlal Nehru and Indira Gandhi, were to protect the Indian sovereign nation-state.

However, as Mr. LaRouche pointed out, the present monetary system cannot even sustain the existing physical economy, let alone help to grow it further. Hence, it is imperative

for the Indian leadership to take the initiative to demand a new international monetary system.

Various Indian political leaders and high-level officials who met Mr. and Mrs. LaRouche were in agreement with the analysis. Their responses, however, were not identical. For instance, former Prime Minister Chandra Shekhar said that he, like Mr. LaRouche, is also an optimist, despite the fact that he notices a weakness of the Indian spirit which guided India through the troubled days of the 1950s, '60s, and '70s. Chandra Shekhar pointed out, according to his view, that the barrage of attacks launched over the years through the World Bank and International Monetary Fund-directed economic policies, and the recent onslaught by the economic liberalizers and globalizers, have taken a toll on the Indian people. In his view, while the issues brought out by Mr. LaRouche are the essence for India's future, they are not discussed much, and less so in the Indian Parliament. He believes that neither the ruling government of Atal Behari Vajpayee nor the opposition political grouping, led by the Congress Party, really understand the danger that lies ahead, nor are they courageous enough to discuss it.

The response was similar at Jawaharlal Nehru University (JNU), where the LaRouches made their presentations on Nov. 30. Through the questions and answers, more economic issues were brought to the fore. Mr. LaRouche's emphasis on building an adequate physical, education, and health-care infrastructure, which must act as the keystone to nation-building, was widely acclaimed. The bankruptcy of the international financial system, typified by the collapse of Enron that had occurred the day before, was also accepted as fact. Prof. Abhijit Sen of the JNU School of Economics, who was chairing the seminar, said that he was "most grateful that Mr. LaRouche came and said these things. . . . These words are not heard much any more."

While the responses by the JNU students and faculty members, and political leaders such as Chandra Shekhar, Planning Commission Deputy Chairman K.C. Pant, and five former Union ministers, who had served Indira Gandhi's and Rajiv Gandhi's Cabinets, who had extended discussions with the LaRouches during the trip, were exuberant, much more caution was exercised by the Indian Prime Minister's Principal Secretary and head of the National Security Agency, Shri Brajesh Mishra. Shri Mishra applauded Mr. LaRouche's "noble work," but pointed out that since India's share in worldwide trade is a meager 0.4%, India has less muscle to pressure the powerful trading nations. He said that support for a new monetary system must be generated in the Group of Eight industrial nations, as well as in countries such as India and China.

In addition to meetings with a range of top-level strategic thinkers belonging to India's major strategic think-tanks, Mr. and Mrs. LaRouche also met with former Prime Minister I.K. Gujaral and his colleague, associate, and fellow strategic thinker, J.C. Kapur.

Desalination Plant To Use Nuclear Power

by Ramtanu Maitra

The world's largest desalination plant is coming online soon in Kalpakkam, India's nuclear power complex in the southern state of Tamil Nadu. The plant, designed to produce 63 million liters of potable water daily, will use the residual heat from a nuclear power plant to produce 45 million liters. The rest will be produced using the reverse osmosis (RO) process. The project, the Nuclear Desalination Demonstration Project (NDDP), involves connecting the desalination plant to pressurized heavy water reactor (PHWR) units of 170 megawatt-electric each. The civil and electrical works have been almost completed, and the project is expected to be completed by December 2002.

The NDDP is being built by the Desalination Division of the Bhabha Atomic Research Center (BARC), in Trombay, and will involve use of the thermal process known as multi-stage flash (MSF) technology, and the more common RO technology. In Tamil Nadu, 12 desalination plants are in operation in eastern coastal areas using RO technology.

Along with India, China is also seriously looking at the possible use of nuclear power to remove salt from seawater. Today, 11 seawater desalination plants using nuclear energy are in operation around the world. In China, under the leadership of the scientists at the China Society of Nuclear Science and the Beijing Institute of Nuclear Engineers, three large models are getting a look-over. Reports in scientific journals indicate that Israel is also seriously considering using nuclear power-generated steam to desalinate seawater in the near future. Although desalination plants which intake seawater are the most reliable supplier of potable water, the world has not paid adequate attention to utilizing desalination as an important part of water management. In the Middle East, where freshwater exists in very small quantity, a number of desalination plants have been installed.

The Multi-Stage Flash Process

Another important point is that the desalinated water is as pure as it comes. "Desalinated seawater is as pure as purified water sold on the market," one scientist has pointed out. "A small amount of seawater would be added to meet the mineral needs of the human body. After high-temperature treatment, the water is purified, its salt content even lower than that in the piped water we drink now."

In the MSF process, evaporated seawater at above atmospheric pressure is led to a lower-pressure unit, resulting in the release of vapor, which then condenses into potable water. Since the MSF process needs heat to produce steam, it is economical to utilize the waste heat of a power-generating plant. At NDDP, the MSF system will use low-pressure steam that drives the turbines of the PHWR. The seawater used for secondary cooling of the heavy water, which is the primary coolant in a PHWR, produces this steam.

The RO process, on the other hand, is a membrane process, in which seawater is forced through a semi-permeable membrane at pressure in excess of osmotic pressure. Potable water permeates through the membrane and is collected. The semi-permeable membrane is made of polyamide, which rejects salt and allows potable water to permeate through. Most of world's desalination plants, 60% of which are in the Middle East, can be installed almost anywhere in coastal areas.

At the RO section of the NDDP, seawater will be held in three large pressurized tanks. These pressurized tanks will have three layers of pebbles of varying sizes and graded sand. There are three other activated carbon filter tanks that also have three layers of pebbles and carbon. Seawater will first go into a clarification system where, with the addition of chemicals, collided and suspended particles will be removed. Then, this clarified water will be fed into the large pressurized tanks where filters will remove larger suspended particles. In activated carbon filters, the organics will be removed. This water will then be fed into cartridges for filtering and will be chemically treated and fed into the polyamide membrane by high-pressure pumps.

BARC's Role

Since 1975, the BARC has set up a number of desalination plants across the country, including one on the BARC premises in Trombay. The BARC has also erected desalination plants in the states of Andhra Pradesh, Gujarat, Rajasthan, Tamil Nadu, and the Andaman and Nicobar Islands, and Lakshwadeep. The basic characteristic of these areas, except that of Rajasthan, is that they are coastal areas with shortages of potable water. In Rajasthan, which is located inland, brackish water is turned into potable water through the RO process.

According to Dr. B.M. Misra, head of BARC's Desalination Division, the NDDP aims to demonstrate safe and economical production of good quality water by nuclear desalination of seawater; establish indigenous capability in the design, manufacture, installation, and operation of such plants; generate necessary design inputs for large-scale nuclear desalination plants; and serve as a demonstration project for the International Atomic Energy Agency, welcoming participation from interested member-states. He also pointed out that desalination would become inevitable by 2025, because the demand for quality potable water is expected to exceed availability.

EIR Blows Israeli Spies' Cover In Sept. 11 Case

by Jeffrey Steinberg and Edward Spannaus

Years of tracking down an important set of drug-trafficking cases, led *EIR* investigators to what has now become a contender for the story of the new century: the investigation of connections between detained Israeli spies and the events of Sept. 11. The opening gun of this earth-shaking story, was *EIR*'s own, Nov. 29, 2001 release, which was circulated to subscribers in the Dec. 4, 2001 *Executive Alert Service*.

To appreciate the significance of the *EIR* expose properly, it is crucial to first restate some essential features of Lyndon LaRouche's now-undisputable assessment of the events of Sept. 11, first aired on the Jack Stockwell radio show, as the attacks on the World Trade Center and the Pentagon were still occurring. LaRouche stated that the New York and Washington attacks could not have occurred without the witting complicity of high-level "rogue elements" within the U.S. military-intelligence command structures. The actions of Sept. 11 constituted a coup d'état attempt against the Bush Administration, aimed at drawing the United States into precisely the kind of "Clash of Civilizations" Eurasian war, openly advocated by such individuals as Zbigniew Brzezinski, Samuel Huntington, and Bush Administration "moles" like Paul Wolfowitz and Richard Perle.

The Israeli government of Ariel Sharon and the present Israeli Defense Force command is the most significant asset of the Anglo-American faction pressing the "Clash of Civilizations" war-plan, as evidenced by Sharon's persistent efforts to provoke a new religious war in the Middle East against the Palestinian Authority and a range of other Arab targets.

Thus the events of Sept. 11 and the ongoing coup threat must be first understood from the standpoint of the interaction of these three elements: 1.) the as-yet unidentified rogue

operators within the military-security command; 2.) the strategic policy figures promoting the new Eurasian Thirty Years War; and 3.) the Israeli apparatus of Sharon and the IDF.

It is the latter, the IDF, which, as part of its war aims, has carried out an aggressive espionage and covert operations penetration of the U.S.A., including the recruitment of American-born assets. It is so far unknown, but strongly suspected, that some of these Israeli assets may have contributed an included feature of the rogue networks whose complicity abetted the successful attacks of Sept. 11.

With that said, the story can be told.

The Jones-Powell Exchange

That *Executive Alert Service* item of Dec. 4 reported, under the headline, "A Sharon spy network in the Americas?", that "A well-placed Washington source has alerted *EIR* that there is growing suspicion among U.S. government law enforcement and intelligence agencies that Israeli Prime Minister Ariel Sharon has dispatched special operations teams into North America. The warning came in the context of a discussion about the recent deportation of five Israelis who were detained on Sept. 11 for suspicious behavior."

Since Secretary of State Colin Powell's answer to a question from *EIR*'s Washington Bureau Chief Bill Jones, at a Dec. 13 special State Department briefing, the lid is off the Israeli spy scandal and suggestions of its links to the Sept. 11 irregular warfare attacks on the World Trade Center and the Pentagon—despite desperate efforts at suppressing the Israeli spy story by most leading news media.

At the Dec. 13 State Department briefing, Jones asked Powell: "There were 60 Israeli citizens who have been picked up in the post-Sept. 11 sweep, many of whom, if not

all of whom, are connected to Israeli intelligence. . . Are you concerned about such intelligence operations on U.S. soil, and have you taken up this issue with your counterpart in Israel?"

Secretary Powell responded: "I'm aware that some Israeli citizens have been detained, and I've been in touch with the Israeli government as to the fact that they have been detained, in making sure that they have rights of access to Israeli diplomatic personnel here in the United States. With respect to why they are being detained, and the other aspects of your question, whether it's because they are in intelligence services or what things they were doing, I will defer to the Department of Justice and the FBI to answer that; because, frankly, I deal with the consular parts of that problem, not the intelligence or law-enforcement parts of that problem."

Spies, Criminals, And Terrorists

What was behind that exchange between Jones and Powell?

Since the *Alert* report of the Israeli spy story, and the suspected links to Sept. 11, *EIR* has compiled evidence of a vast network of Israeli drug and diamond smugglers, spies, and communications intelligence operatives—all working under Israeli, American and Canadian corporate covers, on behalf of the mafia-riddled Sharon government, and Sharon's international sponsors in the Mega Group and allied Anglo-American circles (See *EIR*, Aug. 31, 2001, "Mega Was Not An Agent—Mega Was the Boss;" and Nov. 16, 2001, "The 'Mega-maniacs' Steering Sharon's Mideast War Drive").

A number of sources have confirmed earlier *EIR* investigative findings that this network is engaged in:

- A massive ecstasy trafficking operation, delivering hundreds of millions of dollars in illegal drugs, manufactured in the Netherlands, to cities across the United States. The drug trafficking operation is also engaged in black market diamond smuggling, using Hassidic Jews as couriers.

Portions of the funds garnered from the illegal operations, according to sources, are funneled to offshore bank accounts of Israeli Prime Minister Ariel Sharon. Some of these dirty funds were reportedly diverted to Sharon's election campaigns. This Israeli mafia apparatus receives technical support via a number of Israeli communications firms, that subcontract with major American telephone companies and government law enforcement agencies.

- Spy operations, targeted at mosques and other centers of the Islamic-American communities. According to sources, the goal is to foment nominally "Arab" or "Islamic" labeled violence and terrorism inside the United States, to win Bush Administration support for an Israeli war against the Palestinians and Arabs. These sources believe further, Israeli-abetted terror attacks are to be expected.

- Surveillance of U.S. government law enforcement, military and intelligence facilities, to gather profile information

for such terrorist attacks, as well as espionage penetration. Organized teams of young, "recently retired" Israeli Defense Force soldiers, often associated with specialty units engaged in electronic signal intercepts and explosive ordinance, have targeted at least 36 domestic U.S. military bases, and many federal law enforcement and intelligence installations. A second feature of this targeting of USG facilities is the recruitment of "a new generation of Jonathan Pollards" (Israeli spies).

Pattern Of Arrests

Between 1998 and early 2001, more than 200 Israeli nationals were arrested or detained inside the United States, on a variety of visa violations and other nominally petty violations, including low-level drug trafficking. The majority of these detainees claimed they were Israeli art students, peddling art work to cover their college tuitions; or were toy vendors, employed by an Israeli-owned Miami Beach company, Quality Sales Corporation, which investigations link to Israel's equivalent of the U.S. National Security Agency. The attorney for Quality Sales Corp., Thomas W. Dean, is also the director of litigation for the National Organization for the Reform of Marijuana Legislation (NORML), one of the oldest of the drug legalization lobbies, which enjoys the financing of mega-speculator George Soros.

The emerging pattern of surveillance of American government facilities, and established links to suspected Arab and Islamic terrorist cells *prior to Sept. 11*, by these Israeli nationals, set off alarm bells, following the attacks on the World Trade Center and the Pentagon. Prior to Sept. 11, a series of highly-classified government memos had been circulated by the CIA and the NSA, pronouncing this Israeli espionage operation a major national security problem.

A drug probe in Los Angeles provided one crucial clue to the broader drug/espionage/terror nexus. From 1997, up until he was arrested by a joint anti-drug task force in April 2000, Jacob "Cookie" Orgad ran one of the biggest ecstasy smuggling operations in America—for the Israeli dope-and-diamond crime syndicate. Orgad has been named as the "enforcer" of the infamous Heidi Fleiss Hollywood prostitution ring.

Every time the DEA, FBI and Los Angeles Police Department task force infiltrated an agent inside the Orgad ring, his or her identity was blown within a matter of days. Everytime a court ordered wiretap was put in place, the target immediately "began behaving like Mother Teresa," according to a source familiar with the case.

A highly confidential federal counter-surveillance effort eventually revealed that the Orgad gang was receiving inside information about phone taps, and even details of conversations between the federal and local police officials on the task force, as well as their home addresses and phone numbers.

Investigations into the sources of the leaks converged on two prominent Israeli corporations, which are both core ser-

vice providers to the American telecommunications industry and to U.S. law enforcement agencies. The two companies are Amdocs and Comverse.

Amdocs was first identified in the Aug. 31, 2001 *EIR* expose of the Mega Group as part of the Israeli “inside” apparatus in the Clinton White House, that tapped the President’s phone conversations with Monica Lewinsky, and used the tapes as blackmail leverage against the U.S. peace efforts in the Middle East.

Amdocs was incorporated in 1982 on the notorious offshore British financial safe-haven of Guernsey. It provides a wide range of top-end telecommunications services, including phone billings and fraud detection, to the 25 largest telephone companies in the United States and to companies in 50 other countries around the world. The overwhelming majority of its 9,000 employees are Israelis, and the top management are largely former high-ranking officers of Israeli military and intelligence bureaus.

Comverse, along with the Canadian company, JSI International, handles the majority of contracts, worldwide, for wiretaps, including in the United States. Comverse is a major sub-contractor for both the FBI and the Drug Enforcement Administration. Comverse, too, primarily employs Israeli military and intelligence veterans. The company is a leading manufacturer of facial-recognition and voice-recognition technology, employed by American law enforcement and intelligence.

Both firms have also been linked to the Israeli “art students” and toy vendors.

Where It Stands

To summarize the *EIR* investigation as of this moment: The same billionaires’ club, called “Mega,” which was pointed to as the orchestrator of the 1997-99 operations against U.S. President Bill Clinton, is multiply linked to the authors of the current Israeli killing operations. It is situated in a network of U.S.A., Canada, Israeli, and other business organizations at the center of the Israeli military intelligence service’s international operating capabilities. These businesses, like those involved in the Clinton White House message system scandal, represent wiretapping and other espionage capabilities beyond the means enjoyed by most leading governments.

These connections should have been shut down totally, even for no other reason than U.S. interest in protection of its citizens against foreign and other spying, and in the protection of the secrets of our sovereign government, and integrity of our intelligence and law-enforcement functions. While this Israeli-linked spying against the United States and its most sensitive military, intelligence, and law-enforcement agencies continues, the United States has no real national security. As long as this is not cleaned up, the drug-traffickers, including those tied to international terrorist operations, often have more authority in criminal matters than properly constituted law-enforcement and related official agencies.

Congress’ Warmongers Seek War With Iraq

by Suzanne Rose

Underscoring the correctness once again of Lyndon LaRouche’s characterization of Congress as massively corrupt, on Dec. 20 the House of Representatives passed another resolution seeking confrontation and war with the Arab and Muslim world. Less than 48 hours before adjourning for the year, they passed a resolution targetting Iraq, signalling their willingness to provide cover for deranged circles within and without the Bush Administration who want to immediately engulf the United States in a religious war in the Middle East.

House Joint Resolution 75, “Regarding Inspection And Monitoring To Prevent The Development Of Weapons Of Mass Destruction In Iraq,” was introduced by Reps. Lindsay Graham (R-S.C.) and Porter Goss (R-Fla.), chairman of the House Intelligence Committee, on Dec. 4. It was rushed through a mark-up in the International Relations Committee on Dec. 12, and passed the full House by a vote of 392-7, with 12 abstaining, on Dec. 20, after approximately one hour of debate the day before.

The Opposition Speaks Out

This resolution, unlike so many others which Congress has rubberstamped, had some real opposition. Some lawmakers, in response to a nationwide mobilization by supporters of Lyndon LaRouche, understand that this is no time for business as usual. Supporters have bombarded their congressmen with the message that a “religious” war against the Arab and Muslim world is being orchestrated as part of an attempted coup d’état against the U.S. government, by rogue elements within the U.S. military and security apparatus. It was recognized by the opposition that this resolution was not just another attempt to force Iraqi President Saddam Hussein to comply with inspections, but rather, represented Congressional support for expanding the war in Afghanistan to the Middle East, possibly becoming World War III.

“Why the rush?” asked Rep. Jim McDermott (D-Wash.). “Why are we passing this 48 hours before we adjourn? We authorized the President to do what was needed to be done against the terrorists. I think he has done reasonably well. But India has problems now, problems precipitated by our actions.”

“We are going too fast,” McDermott said. Referring to the start of the Vietnam War, he added, ask ourselves, are we back in 1964 when the Gulf of Tonkin resolution was brought out? Only two Senators voted against it. A third raised a ques-

tion as to whether it authorized ground troops. Senator Fulbright asked President Johnson, who said he had no intention of putting troops on the ground; 55,000 American deaths ensued. McDermott said he didn't want to go home for the recess, giving the administration *carte blanche* in Iraq.

He pointed out that an earlier, more bellicose resolution—declaring that if Iraq were to refuse to admit inspectors, it would be an act of aggression against the United States—was the one circulated in the debate, despite the fact that the language had been modified before the mark-up of the legislation on Dec. 12 to read “mounting threat.” “We may agree, but not at 100 miles an hour. . . . You don't care about the process,” he charged the resolution's sponsors.

House Joint Res. 75 demands that the United States and the UN reimpose a weapons inspection and monitoring program on Iraq. Iraq must then accept immediate, unconditional, and unrestricted access to any and all areas, facilities, equipment, records, and means of transportation which the inspectors wish to inspect. It says that nothing short of this approach will be acceptable; that Iraq should now be considered in material and unacceptable breach of its international obligations, and if it refuses to allow such access as is demanded by the UN weapons inspectors, it should be considered a “mounting threat” to the United States, its allies, and international peace and security.

Opponents of the resolution pointed out that there is fierce international opposition to further attacks on Iraq. The Russians would not accept it, and neither would the majority of Arab nations, which see the effects of the embargo and previous attacks as unjust.

Nevertheless, International Relations Committee Chairman Henry Hyde (R-Ill.) and his collaborator and ranking member Tom Lantos (D-Calif.) represented that Iraq is the major threat to world peace and security. “Nobody is safe from Saddam's designs,” Lantos ranted. “The world cannot live with him.” Hyde intoned, “It is dangerous to remain silent.”

‘We Should Promote National Sovereignty’

Strongly opposed to the resolution was Rep. Ron Paul (R-Tex.), who said that it does harm, is jingoistic, and invites conflict. “With all the problems in the world, why are we singling out Iraq?” he asked. “We should promote peace and national sovereignty.” He criticized the recent drift of U.S. foreign policy. Countries to which we supply weapons often turn against us. We seem to be weaker because of what we do overseas. He recommended dialogue as the way to solve problems. “We dialogued with the Soviets during the height of the Cold War, why can't we dialogue with Iraq?”

Paul rebutted the assumptions of the resolution. There has been no evidence produced that Iraq was connected to the events of Sept. 11, he said. Rather, this resolution was put together to provide a pretext to go into Iraq. The evidence about anthrax suggests it may be from the CIA—and not, as Hyde had suggested, from Iraq. He argued that the intent of

the resolution was to go to war. Nothing in existing resolutions gives us the authority to go back in, he said. He denied that there have been no inspections in Iraq since 1998, as alleged by Hyde and Lantos. He cited the International Atomic Energy Agency inspection to inventory Iraq's nuclear material, and its report of 2001, that Iraq had cooperated. And, he pointed to interviews given by former UN inspector Scott Ritter, where Ritter has stated that Iraq constitutes absolutely no military threat (see article, p. 66). They have not reconstituted weapons of mass destruction. The level of disarmament, according to Ritter, is 90-95%. In terms of a national security threat, Iraq is none.

That the intent of the sponsors is to provoke war, was underscored by the performance of an unhinged Rep. Dana Rohrabacher (R-Calif.). “Now is the time to finish the job. He [Saddam] is at war with us. If we permit him to have weapons of mass destruction, he will kill millions of Americans. . . . We should liberate Iraq like we did Afghanistan.” Paul asked him to consider the consequences of his statements. “If the gentleman were to find out that China were much more involved in the Taliban and in Sept. 11, than anything Saddam Hussein has done, would the gentleman be willing to do to China what the gentleman is willing to do to Iraq?” What about Pakistan, Paul asked, Syria, Saudi Arabia, Egypt? Rohrabacher said yes to all: but one at a time, after Iraq.

The questioning of the sponsors' motives was picked up by Rep. John Conyers (D-Mich.). “Is this a way to expand the war to Iraq? Is there some reason there have been no hearings and no witnesses?” he asked. “It is the exact opposite,” Lantos lied. “The resolution demands that [Saddam] obey what he agreed to ten years ago. It gives him one final chance.” Conyers referred to the original language of the resolution, which the sponsors had been forced to modify, that failure to comply would be considered “an act of aggression against the United States.” Conyers said that Rohrabacher's statement, “Now is the time to finish the job,” introduces a new concept. He said he was under the impression that nations declare war on each other.

Paul said that, contrary to the sponsors' intent, there is no authority within existing UN resolutions for the use of force against Iraq. “This is support for expanding the war,” he said. The Secretary of State is being overruled, because of the “fantastic success” of the Afghanistan war, against a country, probably the poorest in the world, which has no airplanes.

In response to Paul's truthful statements, Hyde ramped up the hyperbole. He compared opposition to the resolution to British Prime Minister Chamberlain and the appeasement of Hitler during the 1920s and '30s. Perhaps placing himself in the Hitler camp, Hyde argued, “In today's world, our borders are everywhere. That's why we have to do it [against Iraq]. We are the strongest.”

Representative Graham concluded the proceedings ranting falsely that, “We must take immediate action to support the President. . . . Act now or pay later. We are the target of Saddam Hussein. . . .”

Scott Ritter Refutes The 'Bomb Iraq' Crowd

by Carl Osgood

Within perhaps a day or two of the Sept. 11 attacks, pundits were claiming that those attacks could not have happened without the involvement of a state intelligence service. Naturally, they all pointed at Iraq as the only possible culprit. It may be that a state intelligence agency was involved, but one man who should know, can show definitively that there is no proof that that intelligence agency came from Iraq.

That man is Scott Ritter, the former U.S. Marine Corps officer who served for several years on the UN Special Commission (UNSCOM) as part of a team of weapons inspectors charged with dismantling Iraq's weapons of mass destruction capabilities after the 1991 Gulf War. Ritter appeared at the Center for Policy Analysis on Palestine, in Washington, D.C., on Dec. 7, and presented a point-by-point refutation of the arguments of neo-conservative Richard Perle, former UNSCOM chief Richard Butler, and the whole gang that is calling for Iraq to be the next target in the war on terrorism.

Ritter made no secret of the fact that he is in favor of overthrowing the Iraqi regime of Saddam Hussein. He believes that regime to be as bad for Iraq as Perle, Deputy Secretary of Defense Paul Wolfowitz, and most members of Congress claim it to be. However, the difference is that Ritter refuses to accept the agenda of the Wolfowitz cabal, and is willing to expose what he believes that agenda to be. Even though Ritter, so far, excludes the danger of the "clash of civilizations" outlook of Perle, Wolfowitz, et al., what he has to say about them is anything but complimentary.

Among the points Ritter took up, was the claim that the anthrax used in the recent attacks in the United States could only have come from Iraq. He said that during 1995-98, the height of UNSCOM's activities, there was no evidence that Iraq had retained or reconstructed its biological weapons program. He said that the anthrax used in the attacks was the Ames strain, and it appears to have been processed in a manner unique to the United States. "It appears to have come from a Department of Defense source," he said.

During his UNSCOM tenure, Ritter examined many sites in Iraq that have been named by the Perle crowd as proving Iraq's links to Osama bin Laden's al-Qaeda organization. He also examined tens of thousands of pages of documents relating to activities at these locations. One of them was located southeast of Baghdad, identified by "defectors" as a camp

were terrorists were trained to take over airliners. Ritter said that real defectors providing actionable intelligence would never be revealed by any intelligence agency in the world. Therefore, the defectors who have been paraded in front of the TV cameras had to be people who were rejected as unreliable by intelligence agencies and turned over to the news media for propaganda purposes. The camp near Baghdad includes an airliner fuselage, as the defectors have claimed, Ritter said. However, the camp was built in the 1980s by the British Special Air Services to train security forces on hostage rescue methods, not hostage taking. Ritter maintained that that particular facility, according to documents that he examined, was still in use by Iraqi security forces, but to train people to target individuals and groups that oppose the Iraqi regime.

U.S. Manipulation

Ritter took up the issue of renewed weapons inspections in Iraq, an issue also recently raised by President George Bush. He noted that the reason the inspectors left in December 1998 was not because Iraq refused to let them inspect, but rather they were ordered out by the UN, because the U.S. bombing operation was about to get under way. He said that inspections up to that point, were carried out in such a way as to provoke a crisis, so that the bombing campaign could be launched without debate in the UN Security Council. He charged that the United States manipulated the inspection process in order to get intelligence on Saddam's personal security. It shouldn't be surprising, then, that Iraq now refuses to let inspectors back in.

Ritter also took up the issue of how much of a threat Iraq poses. He called Iraq's army "ineffective," capable of suppressing internal dissent, but unable to mount a threat outside its own borders. Instead, the threat comes from those ideologues who staked their careers on supporting the Iraqi National Congress during the 1990s, and who have now discovered, upon entering government, that the INC is corrupt and will never have the power to overthrow Saddam without lots of U.S. air power behind them. Ritter warned that if the United States launches such an operation, unilaterally and without the support of international law, the result "will be a modern-day Vietnam."

Ritter was asked, "What could Congress do to play a constructive role in dealing with Iraq?" He challenged Congress to stop playing politics with the Iraq issue. He referred to the 1998 Iraq Liberation Act and how it was rammed through Congress without meaningful debate on making the policy of overthrowing Saddam part of public law. Because of the ILA, there has been no meaningful debate on Iraq policy since 1998, "other than that which is directed by a specific committee where they parade hand-picked representatives to put forward pre-ordained rhetoric." Ritter called that a "failure of our elected leadership." He called on Congress "to understand that they do have a higher duty to the American public that goes well beyond the concept of the next election cycle," and that duty is to the public good of all Americans.

Despite Sept. 11, Death Penalty Use Is Dropping

by Marianna Wertz

According to a new report by the Washington, D.C.-based Death Penalty Information Center (DPIC), history was made on the capital-punishment front in 2001, when the number of executions in the United States declined for the second straight year, dropping from 98 to 85 in 2000, and then to 66 in 2001. This is the first time such a decline has occurred since capital punishment was reinstated in 1976. In another first since 1976, the number of people on Death Row also declined, from 3,726 at the start of 2001, to 3,709 as of Oct. 1.

The DPIC's Dec. 13 "2001 Year End Report" found that the 22% decline in executions from 2000 was largely the result of a sharp drop in the largest death-penalty states, Texas and Virginia (see **Figure**). The report also notes that nationwide support for the death penalty fell to 65% in 2001, a 15-point decline from 1994, according to a May 2001 Gallup Poll, and the lowest level of support in 23 years. The same study found that 72% of Americans now favor a moratorium on executions, until questions about their fairness can be studied; this is up from 64% in August 2000.

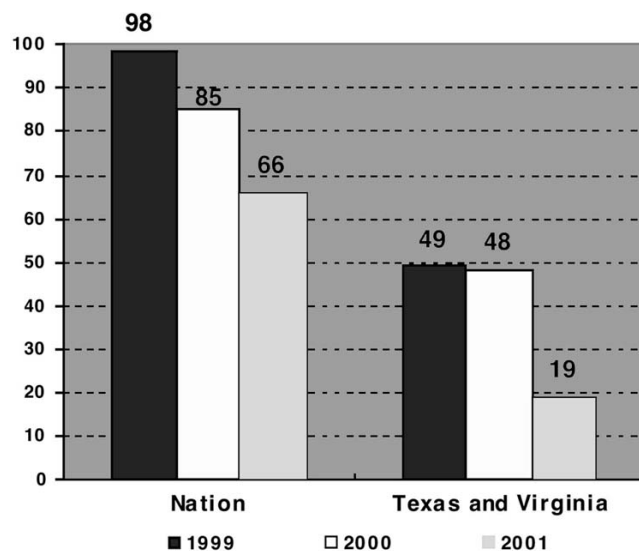
Bearing out this trend, a Dec. 11 report by the Federal Bureau of Justice Statistics, on death-penalty developments in 2000, found that the number of people sentenced to death in 2000 (214) dropped 24% from 1999, to the lowest number of death sentences in 20 years.

The leading reason for all these developments is the skyrocketing number of exonerations of Death Row inmates since 1973—now at 98, including five in 2001. Concern that innocent people have been or could be executed is leading to widespread reform of the judicial system, and is making juries and judges more reticent to give the death penalty when an innocent life might be involved.

The changes that are rocking much of the nation had a particularly strong effect on Texas, which since 1976 has the most executions (255), and Virginia, second highest with 83. Texas began to change immediately upon the departure for Washington of Gov. George W. Bush, who held an all-time record (151 men and women) for the number of executions authorized by any American governor. In 2001, Texas dropped to second in the number of executions with 17, behind Oklahoma's 18.

The case of Virginia is also important, because it has nearly double the execution rate—the percentage of death sentences carried out—of the next nearest state, and nearly five times the national average. Virginia appellate courts have the lowest reversal rate of any state.

Number of Executions Dropping, Even in States With Highest Execution Rates



Source: Death Penalty Information Center/Year End Report.

A study released on Dec. 10 by the Virginia General Assembly's watchdog agency, the Joint Legislative Audit and Review Commission, found "significant inconsistencies" in the state's use of the death penalty. The study was authorized in November 2000, just weeks after new DNA testing cleared former Death Row inmate Earl Washington, Jr. of a 1982 rape and murder, for which he came within days of being executed. A focus of the study, the first of its kind in Virginia, was the use of prosecutorial discretion in choosing whether to seek the death penalty. The study found that the death penalty is sought 45% of the time in suburban jurisdictions, 34% of the time in rural ones, and only 16% of the time in urban areas, in some cases for like crimes.

Virginia was also recently shaken by the exoneration of two inmates, Marvin Lamont Anderson and Jeffrey David Cox, who were wrongly imprisoned for 15 and 10 years, respectively. Both were condemned by erroneous eyewitness testimony. Anderson, who was freed in December, was the first Virginian to be cleared under a DNA testing law approved by the General Assembly earlier this year.

Perhaps the most telling sign of changing times in Virginia, was the Dec. 13 report that state officials had arrested four guards at the Wallens Ridge supermax prison, on felony charges of attacking an inmate and attempting a cover-up. Such prosecutions are rare in supermax prisons, where guards are nearly all white and inmates nearly all minorities.

While these developments are an indication that justice is improving, we have a long way to go. The United States should join its European, Russian, and other allies now, in abolishing capital punishment and putting "correction," in place of vengeance, back in its "corrections system."

House Majority Leader Armeý Will Retire

On Dec. 12, House Majority Leader Dick Armeý (R-Tex.) announced that he will be retiring at the end of the 107th Congress, after 18 years. Armeý said that he wanted to spend more time with his family, but speculation is rife on Capitol Hill that there were other factors as well. Sen. John McCain (R-Ariz.), on the Don Imus radio show that morning, suggested that Armeý's connections to Enron may be the real reason. When asked if he thought Armeý's departure might be related to a scandal, McCain said he did not think so, but added, "I think this Enron situation is going to take a lot of time and attention of a lot of people."

Enron has been a big contributor to Armeý's political action committee, but the Capitol Hill newspaper *Roll Call* has reported that not just money flowed between Armeý and Enron. A longtime aide of Armeý worked as a lobbyist for Enron last Summer, then returned to Armeý's office when Enron closed its Washington office. Fueling such speculation is the retirement of Sen. Phil Gramm (R-Tex.), another Conservative Revolutionary. Gramm's wife, Wendy Gramm, served on Enron's board, and was an inside auditor. It is expected that she will be called to testify before investigating committees, during the next year, about Enron.

Enron's troubles do not appear to be bothering a third Texas Conservative Revolutionary, however. House Majority Whip Tom DeLay (R), who has sometimes been called "the Congressman from Enron," let it be known within hours of Armeý's announcement that he has the election to succeed Armeý as Majority Leader already locked up, though that election won't occur until after the November 2002 mid-term elections. DeLay expects that his own hand-picked pro-

tégé, Chief Deputy Whip Roy Blunt (R-Mo.), will succeed him as Majority Whip. Like Armeý, DeLay is a rabid supporter of the deregulation policies that made an operation like Enron possible.

Defense Bill Sent To President Bush

On Dec. 13, the House and Senate passed the conference report on the FY 2001 Defense Authorization bill. The \$343 billion bill includes a military pay raise, additional education benefits, and funding increases for combatting terrorism, and eliminates the sole source provision for products supplied to the Defense Department by Federal Prison Industries. The bill also modifies last year's language regarding the Navy training range on the Puerto Rico island of Vieques. It allows the Navy to close the facility only if it can prove that an alternative site will provide equivalent training.

The most contentious issue was the Bush Administration's request for another round of base closures. The Senate had provided for a commission to begin closing bases in 2003, but the House was opposed to more closures. Secretary of Defense Donald Rumsfeld had recommended a veto of the bill if it did not include more base closures, arguing, as the Clinton Administration had before him, that the Pentagon is carrying 20-25% more base infrastructure than it needs. The compromise includes the base closure commission, but it cannot begin its work until 2005.

House Armed Services Committee Chairman Bob Stump (R-Ariz.) said that the compromise was crafted to ensure that the next round of closures "will stay focused on the overriding objective of enhancing the military

posture of the United States and not blindly saving pennies or cutting political deals." Rumsfeld expressed disappointment with the compromise, but said he would urge President Bush to sign the bill.

Missile defense, and President Bush's announcement that the United States would withdraw from the Anti-Ballistic Missile Treaty in six months, were raised during the debate. Senate Appropriations Committee Chairman Robert Byrd (D-W.V.) warned that, as a result of Bush's decision, China would be seeking a larger nuclear arsenal. He also said that the Bush Administration, by making the decision without consulting Congress, has chosen "a dangerous and corrosive course of action" that "effectively undermines the intent of the Framers" of the Constitution.

The bill provides a total of \$8.3 billion for missile defense, the full amount of the Bush Administration request, but \$1.3 billion of that is available to be spent combatting terrorism, if the President chooses to do so.

Economic Stimulus Package Remains Stalled

Despite much effort, compromise on an economic stimulus bill is not in sight. The latest conflict is over how to provide health insurance for workers unemployed since Sept. 11. Republicans are insisting on a tax credit, whereas Democrats want a subsidy, as well as additional money for Medicaid, to help workers who did not have health insurance. A group of so-called moderates, including Sens. John Breaux (D-La.) and Olympia Snowe (R-Me.), have offered a proposal that includes tax credits to cover 65% of health insurance premiums plus \$4 billion for Medicaid. However, the Sen-

ate Democratic leadership is rejecting inclusion of tax credits in any form.

The House GOP leadership is working on a second bill that excludes the corporate alternative minimum tax repeal, but retains the tax credits for health insurance. On Dec. 17, Senate Majority Leader Tom Daschle (D-S.D.) said that the bill moves "in the right direction," but its sponsors "do not include the kind of compensation, the kind of health coverage for the unemployed that Democrats would have to have."

The new House bill includes an additional 13 weeks of unemployment insurance benefits, as part of a strategy to gain Democratic votes. Sen. Charles Grassley (R-Iowa) said that, if it passes the House, "it will be practically impossible for Senator Daschle not to allow this bill to come up," because it has the largest expansion of social programs for dislocated workers in history. Daschle said that he would make a point of order against the bill, that it is in violation of the FY 2002 budget resolution.

Farm Debate Drags On In The Senate

Senate debate on the new farm bill went well into its second week without any sign that the bill would be completed before Congress adjourns for the year. On Dec. 13, the GOP stopped a cloture vote from closing off debate. A second cloture vote on Dec. 18 garnered only 54 votes, of the 60 required. Later the same day, a GOP alternative bill was defeated by a vote of 55-40. All of this suggests that while the GOP can block a Democratic bill, they can't move their own.

The starting point for the Democrats is the failure of the 1996 so-called "Freedom to Farm" bill. The collapse of commodities prices since 1996, has

prompted Democrats to propose new, large subsidies programs for most commodities, in lieu of the emergency payments made to farmers over the last four years. The Republicans are defending the 1996 bill. Richard Lugar (R-Ind.), the ranking minority member on the Agriculture Committee, complained, on Dec. 11, that both the Democratic bill and the House bill passed earlier this year, create "dramatically" expanded crop subsidies programs that are expensive and represent "a wholesale retreat from the important reforms begun under the last farm bill."

The GOP claims that the expanded subsidies would cause overproduction, further driving down prices. Republicans would create IRA-style savings accounts, in which the government would provide matching payments. Democrats complain that the GOP plan doesn't provide enough of a safety net. Republicans brought up amendments to change the commodities programs, and to strike the dairy price support program, but did not have the votes to pass either one.

The bill provides \$73.5 billion to farm programs over the next ten years, money which was allowed for in the FY 2002 budget resolution. However, with the Federal budget moving back into deficits, farm groups fear that if the bill is not completed quickly, the money won't be available next year. On Dec. 11, Lugar suggested that that was an irresponsible approach, but that agriculture lobbyists are probably pressuring the Senate with the connivance of certain Senators.

Republicans Raise Stakes On Nominations

On Dec. 13, a gaggle of Republicans complained to reporters about the slow

pace of nominations in the Democrat-controlled Senate. Arlen Specter (R-Pa.), a leader of the group, said that he was so concerned about one nomination for a Federal judgeship in Pennsylvania, that he'd taken the unusual step of filing a resolution with the Judiciary Committee calling for a vote. Specter accused Judiciary Committee Chairman Pat Leahy (D-Vt.) of a "scorched earth" policy with respect to judicial nominees. Rick Santorum (R-Pa.) said that other nominees are also a concern. He complained that "partisanship and petty vendettas have prevailed."

The two nominees who are raising the most concern are Eugene Scalia, son of Supreme Court Justice Antonin Scalia, to be solicitor general of the Labor Department, and the Iran-Contra-tainted Otto Reich, to be Assistant Secretary of State for Latin America.

On Dec. 11, Leahy said that when the GOP controlled the Senate, they went 34 months, at one point, without a single hearing on a judicial nomination. Under his chairmanship, Leahy said, since July the committee has held two confirmation hearings every month, including during the August recess, and three in October. He said that if the committee is able to report the nominees it has held hearings on, it will have reported 32 nominations since July, 28 of them since the August recess, more than at any time during the six years the GOP controlled the Senate during President Clinton's two terms.

Majority Leader Tom Daschle (D-S.D.) has indicated that neither Reich nor Scalia is acceptable to Democrats. Scalia is an ideologue who enraged Democrats last year by his scathing attacks on ergonomics regulations. There is speculation that President Bush will make both of them recess appointments.

Confessing, In Order To Sin Again

What a season of confessions from the chief economic analysts of the IMF and its orbit, that their forecasts for the last 12-15 months have been completely wrong! If any of them were honest enough to accompany the confessions with an urgently needed public acknowledgment that Lyndon LaRouche's forecast for the same period was completely right—as one notable American Congresswoman did—then economic recovery from the ongoing global collapse could be a step closer. But no: These IMF officials and experts—like many U.S. corporations with their financial statements—confess with the firm intention of going out and committing much worse forecasting sins tomorrow. They believe, “We’re with those who run the world; therefore, you have to base yourselves on our forecasts, even if you know we’re lying.”

First it was Anne Krueger, number-two official of the IMF, and in charge of its regular operations, who, on Nov. 26, acknowledged that such national financial meltdowns as Argentina's, meant Third World debts could not continue being paid: the opposite of the IMF's hard-line position stated as recently as June 2001 in Washington. Krueger would not use the word, “bankruptcy,” but all those who covered her Washington press conference did. Note that since Summer 1997, Lyndon LaRouche has repeatedly forecast that further attempts to collect the system's unpayable debts would lead to one, or a combination of three ends: international hyperinflation; a deflationary global collapse of economic activity; or war.

On Dec. 18, the IMF, in another Washington confession, admitted that its global economic forecast, issued in October 2000, was 100% wrong. Presenting the so-called “Interim World Economic Outlook,” IMF chief economist Kenneth Rogoff apologized for, at that time, describing the global economic outlook as “the rosier in a decade.” Now the IMF speaks of the most severe worldwide economic downturn in 20 years, with “all major regions already slowing” before the Sept. 11 attacks, which then represented a “shock with global reach.” The report states: “A particular disturbing feature of the current slowdown is its synchronicity across

nearly all regions,” with “almost all economic indicators” weakening in the United States, an “increasingly worrying” situation in Japan, and the threat of a “prolonged downturn” in Europe.

Recall that LaRouche, campaigning for the Presidency in 2000, forecast just before “Super Tuesday” that the myth of the “U.S. New Economy boom” might be kept going to Election Day 2000, at which time the collapse would be on.

The IMF, in the new global forecast for 2002 released by Rogoff, arrogantly notes that the possibility that its economic predictions could be completely wrong again, “remains a source of downside risk.”

Also on Dec. 18, one of Europe's senior and most influential economic analysts, the London *Times*' Anatole Kaletsky, emphasized that his forecast of last year showed him to be a senior and influential fool. “To put it bluntly,” Kaletsky confessed, “I got all the most important things wrong in 2001. Not only did I fail to predict the U.S. recession, the headline of my article of Jan. 9 [2001] was, ‘Why a recession in 2001 is almost out of the question.’”

But to make it worse, Kaletsky insists the reason he misforecast so badly, was his belief that American private-household consumption would hold up. In fact, for the most part, it has—the U.S. consumer-spending bubble is only now starting its overdue implosion. So, clearly, Kaletsky still has no idea that it is the unstoppable collapse of the monstrous global bubble of debt—not any declines in spending or rises in energy prices, etc.—which is blowing out the world economy. For a certainly, Kaletsky's new influential annual forecast, to be issued Jan. 8, will forecast economic recovery during 2002, and will be disastrously wrong.

If you still, suicidally, follow such forecasts, LaRouche, on Oct. 24 of this year, had advice for you: “Let it be said, on my behalf, out of compassion for the many precariously balanced minds wandering at large in the U.S.A. and other nations: Stop worrying! There is no recession in progress! Be at peace. What is in progress, is merely a world-wide economic depression. . . .”

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2nd Fri.—9 pm
- MID-WILSHIRE
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Wednesdays—7 pm
- MODESTO
AT&T Ch.8
Mondays—2:30 pm
- MORAGA
AT&T Ch. 1/99
2nd Fri.—9 pm
- ORINDA
AT&T Ch. 1/99
2nd Fri.—9 pm
- PALOS VERDES
Cox Ch. 33
Saturdays—3 pm
- PLACENTIA
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Tuesdays—6:30 pm
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- NEW HAVEN—Ch.28
Sundays—10 pm
- NEWTOWN/NEW MIL.
Charter Ch. 21
Mondays—9:30 pm
Thursdays—11:30 am

DIST. OF COLUMBIA

- WASHINGTON—Ch.5
Alt.Sundays—3:30 pm

FLORIDA

- ESCAMBIA COUNTY
Cox Ch. 4
2nd Tue. 6:30 pm

IDAHO

- MOSCOW—Ch. 11
Mondays—7 pm

ILLINOIS

- CHICAGO
CAN Ch. 21
Mon, 12/31: 10 pm
- QUAD CITIES
AT&T Ch. 6
Mondays—11 pm
- PEORIA COUNTY
AT&T Ch. 22
Sundays—7:30 pm
- SPRINGFIELD—Ch.4
Wednesdays—5:30 pm

INDIANA

- DELAWARE COUNTY
Adelphia Ch. 42
Mondays—11 pm

IOWA

- QUAD CITIES
AT&T Ch. 75
Mondays—11 pm

KENTUCKY

- LATONIA—Ch. 21
Mon.-8 pm; Sat.-6 pm
- LOUISVILLE—Ch.98
Fridays—2 pm

LOUISIANA

- ORLEANS PARISH
Cox Ch. 78
Tue., Thu., Sat.
4:30 am & 4:30 pm

MARYLAND

- A. ARUNDEL—Ch.20
Fri. & Sat.—11 pm
- BALTIMORE—Ch. 5
Wed.: 4 pm, 8 pm
- MONTGOMERY—Ch.19/49
Fridays—7 pm
- P.G. COUNTY—Ch.76
Mondays—10:30 pm
- W. HOWARD COUNTY
MidAtlantic Ch. 6
Monday thru Sunday—
1:30 am, 11:30 am,
4 pm, 8:30 pm

MASSACHUSETTS

- AMHERST—Ch. 10*
- BOSTON—BNN Ch.3
Thursdays—3 pm
- WORCESTER—Ch.13
Wednesdays—6 pm

MICHIGAN

- BATTLE CREEK
ATT Ch. 11
Mondays—4 pm
- CANTON TOWNSHIP
MediaOne Ch. 18
Mondays—6 pm
- DEARBORN HEIGHTS
MediaOne Ch. 18
Mondays—6 pm
- GRAND RAPIDS
GRTV Ch. 25
Fridays—1:30 pm

KALAMAZOO

- CABLEVISION
Thu-11 pm (Ch.31)
Sat-10 pm (Ch.33)
- MT. PLEASANT
Charter Ch. 3
Tuesdays—5:30 pm
Wednesdays—7 am
- PLYMOUTH—Ch.18
Mondays—6 pm

MINNESOTA

- ANOKA—Ch. 15
Thu.—11 am, 5 pm,
12 Midnight
- COLD SPRING
U.S. Cable Ch. 3
Nights after PSAs
- COLUMBIA HTS.
MediaOne Ch. 15
Wednesdays—8 pm
- EAGAN/BURNSVILLE
ATT Ch.14,57,96
Tuesdays—5:30 pm
Saturdays—9 pm
Sundays—10 pm
- FRIDLEY
Time Warner Ch. 5
Fridays—7 pm
Saturdays—8:30 pm
- MINNEAP.—Ch.32
Wednesdays—8:30 pm
- NEW ULM—Ch. 12
Fridays—5 pm
- PROCTOR/
HERMANTOWN—Ch.12
Tue. btw. 5 pm - 1 am
- ROSEVILLE
AT&T Ch. 14
Tue.—5 pm & 11 pm
Wed.—5 am & 11 am
- ST.CROIX VALLEY
Valley Access Ch. 14
Thursdays—4 & 10 pm
Fridays—8 am
- ST.LOUIS PARK—Ch.33
Friday through Monday
3 pm, 11 pm, 7 am
- ST.PAUL (city)
SPNN Ch. 33
Saturdays—10 pm
- ST.PAUL (NE burbs)*
Suburban Community
Ch.15
- ST.PAUL (S&W burbs)
AT&T Ch. 15
Tue & Fri—8 pm

MISSISSIPPI

- MARSHALL COUNTY
Galaxy Ch. 2
Mondays—7 pm

MISSOURI

- ST.LOUIS—Ch. 22
Wed.-5 pm; Thu.-Noon

NEBRASKA

- LINCOLN
Time Warner
Channels 80 & 99
Citizen Watchdog
Tue.—6 & 7 pm
Wed.—8 & 10 pm

NEVADA

- CARSON CITY—Ch.10
Sun-2:30 pm; Wed-7 pm
Saturdays—3 pm

NEW JERSEY

- HADDON TOWNSHIP*
Comcast Ch. 19
Comcast*
- MERCER COUNTY
Comcast*
- TRENTON Ch. 81
WINDSORS Ch. 27
- MONTVALE/MAHWAH
Time Warner Ch. 27
Wednesdays—4 pm
- NORTHERN NJ
Comcast Comm. Access
Channel 57*
- PLAINSBORO
Comcast Ch. 3*

NEW MEXICO

- ALBUQUERQUE
Jones Ch. 27
Thursdays—10 pm
- LOS ALAMOS
Adelphia Ch. 8
Sundays—7 pm
Mondays—9 pm
- TAOS
Adelphia Ch. 2
Mondays—7 pm

NEW YORK

- AMSTERDAM
Time Warner Ch.16
Thursdays—4:30 pm
- BROOKHAVEN
(E. Suffolk)
Cablevision Ch.1/99
Wednesdays—9:30 pm
- BROOKLYN—BCAT
Time Warner Ch. 35
Cablevision Ch. 68
Sundays—9 am
- HORSEHEADS—Ch.1
Mon., Fri.—4:30 pm
- HUDSON VALLEY
Cablevision Ch. 62/90
Fridays—5 pm
- ILION—T/W Ch. 10
Mon. & Wed.—11 am
Saturdays—11:30 pm
- IRONDEQUOIT—Ch.15
Mondays—7 pm
Thu.—9:30 am & 7 pm
- JOHNSTOWN—Ch. 7
Tuesdays—4 pm
- MANHATTAN—MNN
T/W Ch. 34; RCN Ch.109
Alt. Sundays—9 am
- NASSAU—Ch. 71
Fridays—4 pm
- NIAGARA FALLS
Adelphia Ch. 24
Thursdays—10:30 pm
- ONEIDA—T/W Ch.10
Thursdays—10 pm
- PENFIELD—Ch.12
Penfield Community TV*
- POUGHKEEPSIE—Ch.28
1st, 2nd Fridays—4 pm
- QUEENSBURY—Ch.71
Thursdays—7 pm

- RIVERHEAD—Ch.27
Thursdays—12 Midnight
- ROCHESTER—Ch.15
Fri-11 pm; Sat-11 am
- ROCKLAND—Ch. 71
Mondays—6 pm
- SCHENECTADY—Ch.16
Tuesdays—10 pm
- STATEN ISL.—Ch.57
Thu.—11 pm; Sat-8 am
- SUFFOLK—Ch. 25
2nd, 4th Mon.—10 pm
- SYRACUSE—T/W
City: Ch. 3
Suburbs: Ch. 13
Fridays—8 pm
- TOMPKINS COUNTY
Time Warner
Sun.—9 pm (Ch.78)
Thu.—6 pm (Ch.13)
Sat.—9 pm (Ch.78)
- TRI-LAKES
Adelphia Ch. 2
Sun: 7 am, 1 pm, 8 pm
- UTICA—Ch. 3
Thursdays—6 pm
- WATERTOWN—Ch. 2
Tue: betwn. Noon-5 pm
- WEBSTER—Ch. 12
Wednesdays—8:30 pm
- W. MONROE
Time Warner Ch. 12
4th Wed.—1 am
- W. SENECA—Ch.68
Thu.—10:30 pm

NORTH CAROLINA

- HICKORY
Charter Ch. 3
Tuesdays—10 pm
- MECKLENBURG
Time Warner Ch. 18
Saturdays—12 Noon

OHIO

- FRANKLIN COUNTY
Ch. 21: Sun.—6 pm
- LORAIN COUNTY
Ch. 32: Daily—9 pm
- OBERLIN—Ch.9
Mon. & Wed.—7 pm
- REYNOLDSBURG
Ch. 6: Sun.—6 pm

OREGON

- CORVALLIS/ALB.
AT&T Ch. 99
Mondays—1 pm
- PORTLAND
AT&T Ch. 22
Tuesdays—6 pm
Thursdays—3 pm
- SALEM—ATT Ch.28
Tuesdays—12 Noon
Thu.-8 pm; Sat.-10 am
- SILVERTON
SCAMV Ch. 10
Alt. Tuesdays
12 Noon, 7 pm
- WASHINGTON—ATT
Ch.9: Tuatatin Valley
Ch.23: Regional Area
Ch.33: Unincorp. Towns
Mon-5 pm; Wed-10 am;
Sundays—10 am

RHODE ISLAND

- E. PROVIDENCE—Ch.18
Tuesdays—6:30 pm
- STATEWIDE
R.I. Interconnect*
Cox Ch. 13
Full Ch. 49

TEXAS

- DALLAS
AT&T Ch. 13-B
Tuesdays—10:30 pm
- EL PASO—Ch.15
Wednesdays—5 pm
- HOUSTON
Houston Media Source
Sat, 12/22: 10 am
Wed, 12/26: 5 pm
Thu, 12/27: 5 pm
Sat, 12/29: 10 am
Mon, 12/31: 5 pm
Wed, 1/2: 9 pm
- RICHARDSON
AT&T Ch. 10-A
Thursdays—6 pm

UTAH

- GLENWOOD, Etc.
SCAT-TV
Ch. 26,29,37,38,98
Sundays—about 9 pm

VIRGINIA

- ARLINGTON
ACT Ch. 33
Mondays—4:30 pm
Tuesdays—9 am
- CHESTERFIELD
Comcast Ch. 6
Tuesdays—5 pm
- FAIRFAX—Ch.10
Tuesdays—12 Noon
Thursdays—7 pm
- LOUDOUN
Adelphia Ch. 23/24
Thursdays—7 pm
- ROANOKE—Ch.9
Thursdays—2 pm

WASHINGTON

- KING COUNTY
AT&T Ch. 29/77
Sundays—6 pm
- SPOKANE—Ch.14
Wednesdays—6 pm
- TRI-CITIES
Falcon Ch. 13
Mon-Noon; Wed-6 pm
Thursdays—8:30 pm
- YAKIMA—Ch. 9
Sundays—4 pm

WISCONSIN

- KENOSHA—Ch.21
Mondays—1:30 pm
- MADISON—Ch.4
Tue-2 pm; Wed-11 am
- MARATHON COUNTY
Charter Ch. 10
Thursdays—9:30 pm;
Fridays—12 Noon

WYOMING

- GILLETTE—Ch.36
Thursdays—5 pm

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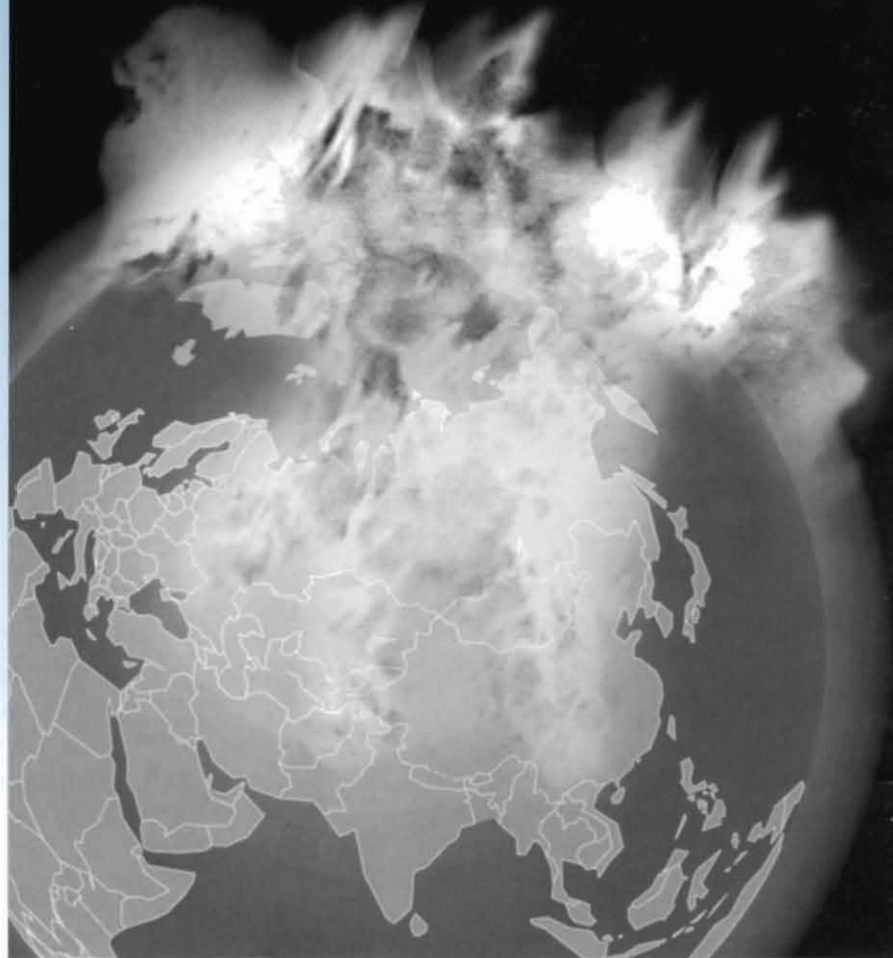
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