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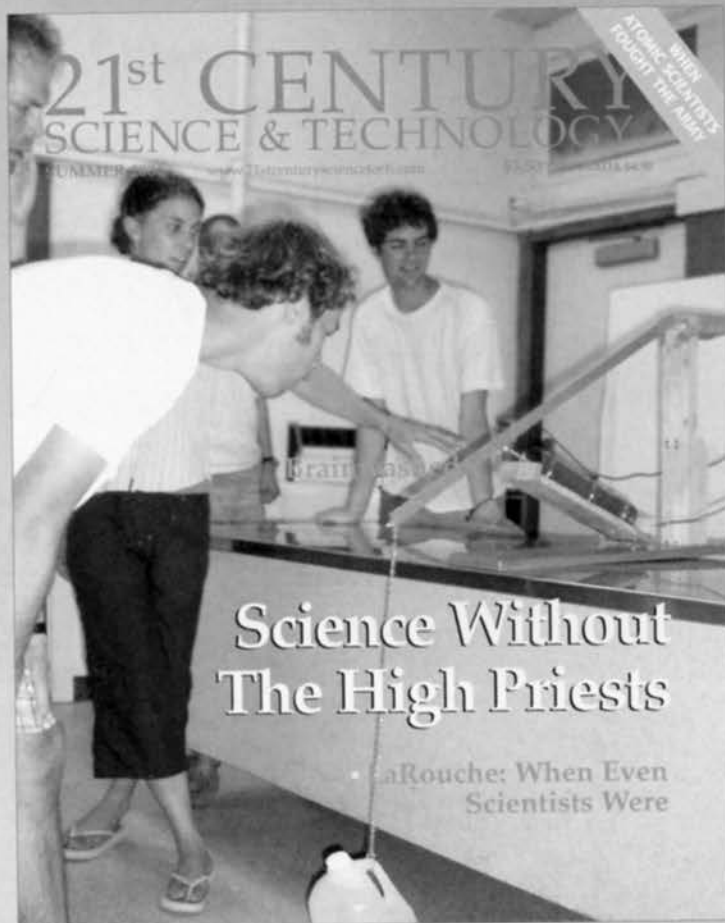
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From the Associate Editor

This issue features the interaction of three “Keplerian orbits” which are determining the course of history, during this critical time leading up to the U.S. Presidential election.

First, is Lyndon LaRouche’s intervention to transform the quality of *EIR*’s economics reporting, through the use of “animations.” How, you might ask, are we going to put animations into a magazine? That’s a good question, and our Economics Staff is struggling with the answer! But we are also putting pedagogical examples on our website, www.larouchepub.com, taking advantage of the possibilities unavailable to print media.

These pedagogical animations, LaRouche explains, “are intended to make clearer to policy-makers, and citizens generally, how our nation has been nearly destroyed over the recent four decades, especially the period of slightly more than three decades. In other words, to expose and to prompt us to despise our ruinous mistakes. To accomplish this, we must take into account each county of the nation, knowing that the progress or retrogression of any part of the nation spills over into the nation as a whole.” It is in the examination of the interconnections of physical-economic processes in different parts of the nation, he writes, “that the most significant surprises will catch the attention of the citizen.”

Second, is the drama unfolding in Germany, where the breaking-point of the economic-financial crisis is presently occurring, and where the LaRouche forces, led by Helga Zepp-LaRouche, are intervening to revolutionize the political landscape—not to overthrow the government of Chancellor Schröder, but to convince him to change his disastrous course.

Third, is the raging battle over U.S. policy, both inside the Washington Beltway and on the streets of America. We present the first in a series on Porter Goss, the Cheney-Bush nominee for CIA director, who must be defeated by the Senate, in order to block Cheney’s march toward fascism. We also report on the explosive revelations coming into the public domain now, through the reports of the Schlesinger and Fay commissions investigating the Abu Ghraib torture scandals. As *EIR* has said right from the start, the blame goes right up the chain of command, to the very top.

Susan Welsh

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PRINCIPLES OF EIR ECONOMICS

What the EIR Economic Charts Will Show You

by Lyndon H. LaRouche, Jr.

August 15, 2004

The ancient model for our Alan Greenspan, Apollo's gibbering priestess Pythia, was seated on her stool by the Delphi cult's grave-site of the ancient serpent-god. She promised the mighty, but foolish Croesus, supposedly the richest man of that time, that a great empire would soon collapse. Croesus later discovered, to his surprise and great sorrow, that the empire of which that priestess had spoken, was his own.

Today, the same kind of ominous, great crunching sound, is the onrushing general breakdown-crisis of the world's present monetary-financial system. The rumbling you hear, is the death-rattle of the present economics profession. The thundering and crackling of this crashing event, will remind the literate, that the wisdom of the great Solon, the wisdom adopted by our republic's founders, not the greed of Croesus and Dick Cheney, was the model of economic and social policy chosen by the framers of the Constitution of our U.S. republic. That is the truth of U.S. politics today, despite today's dupes of that ever-Delphic charlatan of the recent two decades, the creepy-crawly critter known as Alan "Pythia" Greenspan.

This crisis we are currently experiencing, is not a reflection of a boom-bust cycle within the system. It is a collapse of the system itself. That means, that there is no possibility of a built-in rebound of the economy under the world's present, terminal phase of the floating-exchange-rate monetary-financial system. There is no continuity between the monetary-financial system, and its data, as recent experience's accounting reports might falsely suggest such a continuity. The physical economy of nations, including the U.S.A.'s, can recover; but, the post-1971-72 world monetary-financial system could

not survive the presently onrushing crisis. Therefore, *EIR* and I have some important tasks to perform here and now.

That much said as introduction to the business at hand, I now present the following summary of the nature of the policy, of the situation at hand, and the manner in which that mission, of graphically animated representation of physical-economic reporting, is to be carried out. This will be evident not only in coming editions of the *Executive Intelligence Review*, but a variety of suitable other locations.

1. EIR's Editorial Policy

Henceforth, the core of *EIR*'s reporting on the U.S. economy, will be a graphic portrayal of the way in which the physical health of that economy is *measurable as changes in comparative physical, as distinct from monetary-financial values*. This will include such treatment of physical changes, as these are to be measured county by county, for the entirety of the U.S.A., over a base-line period for comparisons, from approximately 1926 to the present. These measurements will not be made as mere comparisons; they will be measured, where appropriate, by aid of animations, as ongoing processes. The object is to get away from the inherently misleading accounting practice of comparing static cross-sections. The object is to convey a meaningful sense of economic processes as characteristically non-linear, long-wave, physical processes per se.

For the most part, the new reporting system's product will include many supplied materials whose usefulness will be more or less self-evident to the citizen. Some crucial elements of the whole package of reports will be much more sophisti-

The Magician



“Today, there is no excuse for allowing anyone who still hopes to learn anything about the economy itself, to be duped into attempts to interpret Alan ‘Pythia’ Greenspan’s Delphic chants as in some sense rational behavior by him.”

cated, but also essential for certain tasks of evaluation and shaping of policies. In both cases, however, there are certain deep physical principles involved in designing the reports. The resulting report may appear easy to understand, but the creation of the package of reports, taken as a whole, requires special qualifications of our staff. It is important to the users of the report that they have access to knowing the nature of those special qualifications involved. The role of animations, as distinct from series of charts, is one of those crucial, more sophisticated features of the way the reports are generated.

The date 1926 has been chosen as the opening benchmark of reference for the principal body of data used in *EIR*'s

reporting. This has been chosen because of its significance as the approximate peak extension of our national railway system: the peak from which our United States under Presidents Coolidge and Hoover, had declined into the great economic depression of 1929-1933.¹

1. 1926 represents a point significantly in advance of the onset of the 1929-1933 depression-collapse, at a mid-point between the U.S. war-mobilization of 1914-1917 and the 1933 depth of the Hoover depression. This helps us in defining the observable economic history of the post-1945 U.S. and associated economies in terms of a meaningful sense of what is up and what is down, that in the sense of a physical-economic function.

The data for counties will be translated into a study of changes of levels of physical factors of national productivity, as compared, as a matter of time-series, in both sub-units of 100 square miles and of hundred households. The same approach will be employed for larger regions of the world economy. This was the approach already reflected, if only in a preliminary way, during my July 15, 2004 webcast event (see **Figures 1a-d, 3a-d, 4a-b**).

To understand a real economy, as distinct from that superficiality, and often, as today, the fraud, of reported measurements of monetary and financial systems, we must focus upon that economy's long-term cycles in formation of essential physical capital, including the categories of basic economic infrastructure and private capital.

Thus, 1926, as a point of inflection, represents an important way of eliminating the contamination of statistical studies by fallacies of composition, by choosing a statistical starting-point from 78 years ago, a point before the onrush of the 1929-1933 crisis, for our studies of the long-ranging, ongoing processes of rise and fall of capital cycles, up to the present date. It is the characteristics of the process of qualitative changes, rather than accounting reports, which must be brought into focus, to convey to the reader a sense of the process of change, which, rather than a mere succession of data-dots, is the location of the action by which the destiny of an economic process is determined.

Therefore, insofar as we must treat monetary and financial patterns, we judge those patterns from the standpoint of the continuing process of ongoing physical changes occurring in the economy, rather than measuring performance against what has become a false, systemically misleading standard of nominal improvement, as improvement is often wrongly measured in terms of monetary and financial data which are wrongly presumed to be primary determinants of relative economic health.

I warn the reader, that the resulting, significant differences which this change in mode of reporting introduces to the external appearance of *EIR*'s reports, will not represent a change from the underlying method of analysis, of policy, which I have long employed, as a professional, as in *EIR* reports, over longer than the past forty years.

Take, as a point of reference for comparisons, all of my successes, as the only publicly known long-range forecaster who has been consistently right, on the record, whenever he, prudently, chose to forecast. Those forecasts, over approximately more than forty years, have been based on that same science of physical economy which is otherwise known as the LaRouche-Riemann method: the application of the relevant principles of Bernhard Riemann's principal discoveries to the fuller understanding of my own original discoveries in the field of physical economy of fifty years ago.

The essential change in form of reporting introduced now, is, that my associates and I have stripped away the now utterly misleading mask of mere monetary-financial fluctuations, to

bare the physical reality of the underlying physical transformations. This deals with the misleading impressions created by the way in which gigantic movements of purely speculative values tend to distract attention from the relationship between household incomes and the zooming prices of meat, milk, education, health-care, and cost of occupancy of a home in the principal relevant markets of the U.S.A. and Europe. The point is, to unmask the physical economic reality existing behind the distracting smoke-screen of an hyperinflationary financial-market's skyrocketing speculation.

The difference in the present, new form of reporting by EIR, is to be seen as the result, not of a change in my method, but, rather, of a recent, deep-going change in the present qualitative condition of the U.S. and world economies, from what were, recently, merely very sick economies, to economies which are rather immediately doomed if they continue to operate in their current form.

Simply said, the present world monetary-financial system is now breaking apart. This disintegration of that system has reached the degree, that there is no longer a meaningful present correlation between the monetary-financial kinds of policy-shaping which are designed to meet currently accepted monetary-financial standards of performance, and the real economy on which the continued life of nations and their peoples actually depends. For example, the rise or fall of key reported indicators on sundry financial markets has no consistent correlation with the vectored shifts in direction in the real economy.

In earlier times, although physical-economic studies had been the root of *EIR*'s reporting on economy, the emphasis then was on serving a clientele which, for the most part, was still trying to understand the economy as primarily a monetary-financial system, a readership with some fractional physical insights into the influences which made the crisis-ridden monetary-financial systems behave as they have done over the preceding thirty-odd years. Now, it is no longer possible to justify an effort to cater to the prejudices of those who would not give up their wish for solutions gained through slightly reforming, rather than transforming the existing monetary-financial system. Today, there is no excuse for allowing anyone who still hopes to learn anything about the economy itself, to be duped into attempts to interpret Alan "Pythia" Greenspan's Delphic chants as in some sense rational behavior by him.

The task on which the survival of our nation now depends, is, not to save the existing system, but to design a new system, one consistent with those principles of our republic's original American System of political-economy, a system from which truly sane and literate men and women would never have departed willingly. We must base that new design on consideration of the known, non-monetary, physical-economic factors which confront us today.

The change is, therefore, that, instead of tracing the effects on physical economy caused by shifts within the bounds of

present monetary-financial policies of practice, *we must now accept the inevitable doom of the world's present monetary-financial system, and focus all of our efforts to design a new monetary-financial system, which fits the need to fulfil the crucial physical-economic goals on which, as I have just said, the existence of decent life for nations and their peoples now depends.* To accomplish this we must read the real economy in terms of the new monetary-financial system we must create, while we bury the bankrupt old monetary-financial system with finality, for all time to come.

To restate the point once again, for clarity. Instead of attempting to forecast the physical conditions of production and life from studies of already self-doomed monetary-financial processes, we must now consider as primary the physical conditions of production and life as such, and the present, disease-ridden monetary-financial system as a cancerous-like, implicitly hyperinflationary affliction borne by the real, physical economy. Just as it would be incompetent to judge the health of the population from the standpoint of accepting the continued infection with a venereal disease, we must define the significance of the spread of the world's present monetary-financial diseases from the standpoint of the health of the physical economy and, especially, its people.

In short, the laws of economy can not be competently inferred from statistical studies of monetary-financial processes, but only as I do, as I report the needed physical criteria in the course of the present report.

1.1 A Brief History of Today's Problem

The root of the presently onrushing collapse of the U.S. and world's monetary-financial system must be traced chiefly as the continuing hereditary result of that 1763 Treaty of Paris which established the British East India Company as, in fact, an attempt to establish and maintain modern world-rule by a new version of the ancient, fallen Roman Empire. With the Anglo-Dutch liberal-imperialist system established as the dominant power in Europe, over the course of the 1763-1848, the dominant feature in world economy in the interval since 1848, has been the overreaching power of the international Anglo-Dutch Liberal model of political-economy, the design established, under Britain's Lord Shelburne, as the Haileybury school from which Karl Marx, for example, later derived the stated basis for his variant on that Anglo-Dutch Liberal model.

This Anglo-Dutch Liberal model, was not merely a continuation of the Venetian tradition of financier-oligarchical ultramontaniam. As the imperial political power of Venice had declined in the aftermath of the 1648 Treaty of Westphalia, the Venetian system was cloned as a maritime-based financier power modelled in the likeness of Venice's tradition: in northern Europe, in the Netherlands and Britain, and along the coastal routes of the old Hanseatic League.

The takeover of what became James I's England by such recruits to the Venetian cause of Paolo Sarpi, gave us the

adopted practice of "Aristotle for Dummies" which Sarpi's empiricism embedded in the relevant Anglo-Dutch circles. The wars engaging France's Louis XIV and the Dutch India Company's takeover of England led by William of Orange, led to that orchestration of what is known as "The Seven Years War," under which what was known then as the Anglo-Dutch "Venetian Party" gave the British East India Company the position and intent to become a successor to the ancient Roman Empire. It was this Venetian Party which devised the Eighteenth-Century system of political-economy associated with the followers of such as Adam Smith's 1776 anti-American tract, *The Wealth of Nations*, today.

Since 1763, the only durable challenge to that Anglo-Dutch Liberal dogma, came from the influence of the founder of the science of physical-economy, Gottfried Leibniz, on the constitutional design of the U.S.A. It was the American System of political-economy, associated with such names as Franklin, Hamilton, Carey, and List, which has been the only durable rival to the Liberal system since the 1789 adoption of the U.S. Federal Constitution.

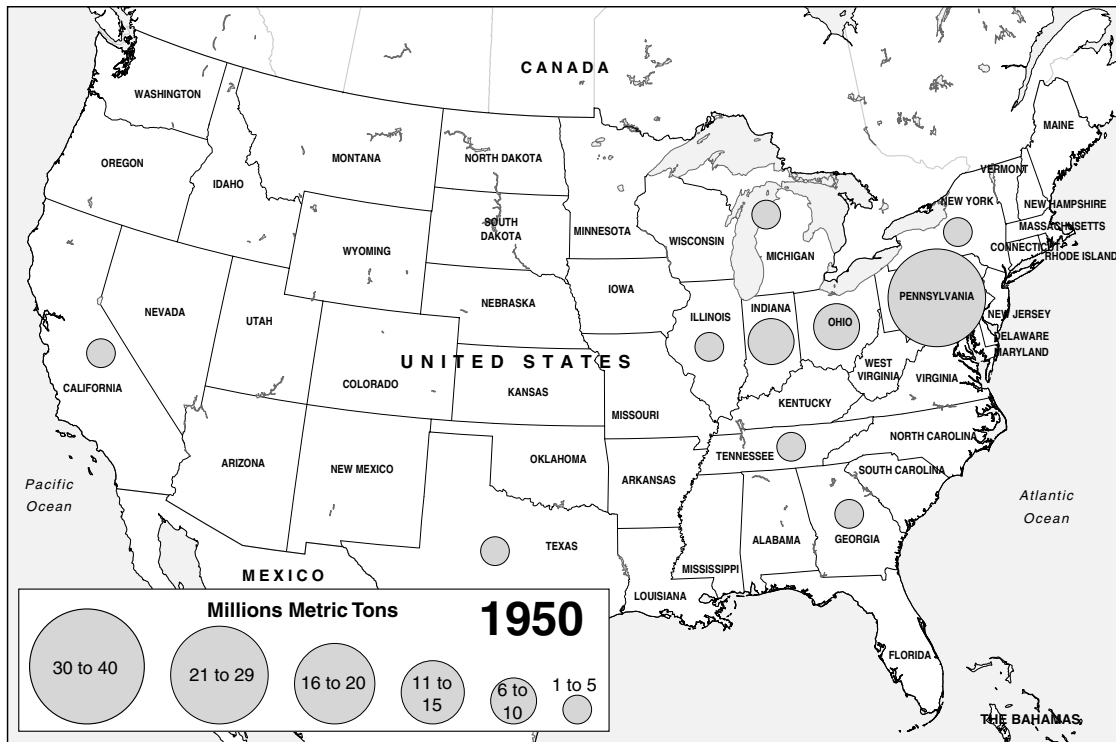
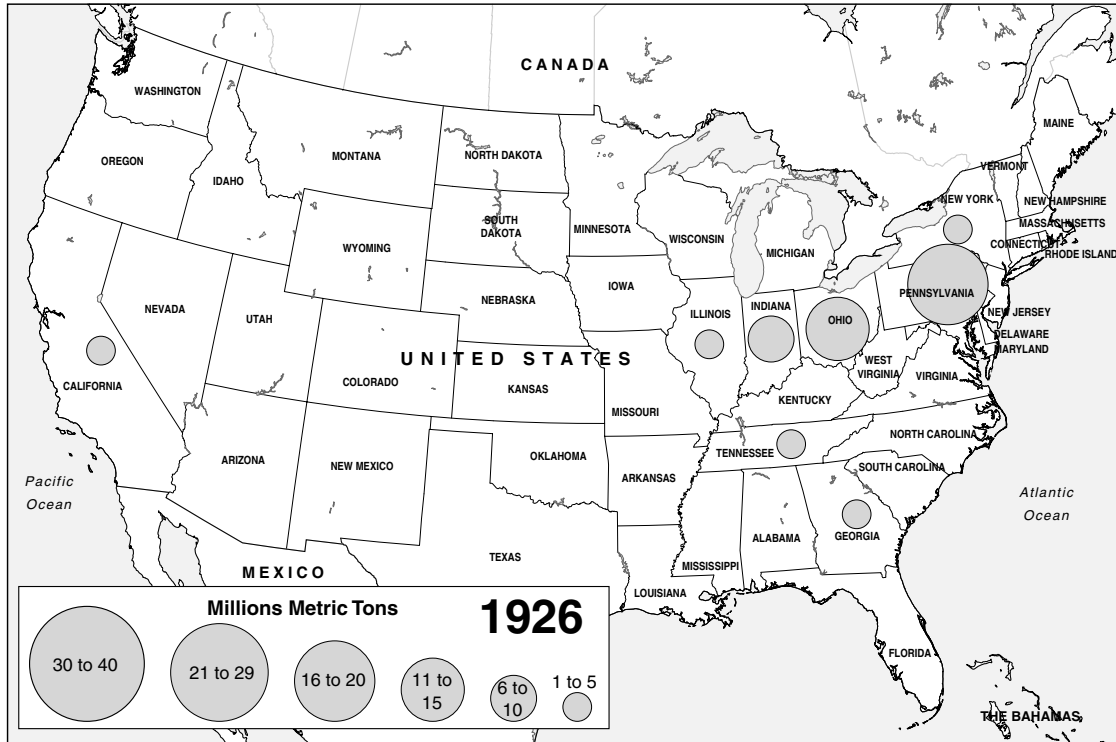
Notable, is the widespread admiration and imitation of the American System, in continental Europe, the Americas, and in Asia, an admiration which spread infectiously in the aftermath of U.S. President Abraham Lincoln's defeat of the British asset known as the Confederacy. The stunning achievements exhibited by the 1876 Philadelphia Centennial exhibition, which inspired the spread of key features of the American System into such locations as Bismarck's Germany, Alexander II's Russia, and Japan, during the immediate aftermath of that Centennial Exposition, typify this.

Nonetheless, since the Lincoln Presidency, although the British national economy was spectacularly inferior to that of the U.S.A. as a model of national economy, the British Empire, with its gold-standard system, remained, until 1931, the dominant imperial power in the world at large. Thus, to a large degree, even the internal development of the U.S.A. was weakened by the global embrace of that Anglo-Dutch Liberal world monetary-financial system. Under these conditions, London's partners among the New York-centered financier circles in the following of Bentham's tool Aaron Burr and his heirs, such as Martin van Buren and August Belmont, have often made even the U.S.A. itself. an accomplice against its own vital national-economic interests. This decadence has been, once again, the characteristic feature of the long wave of moral and economic decline of the U.S.A., over the interval of forty years to date.

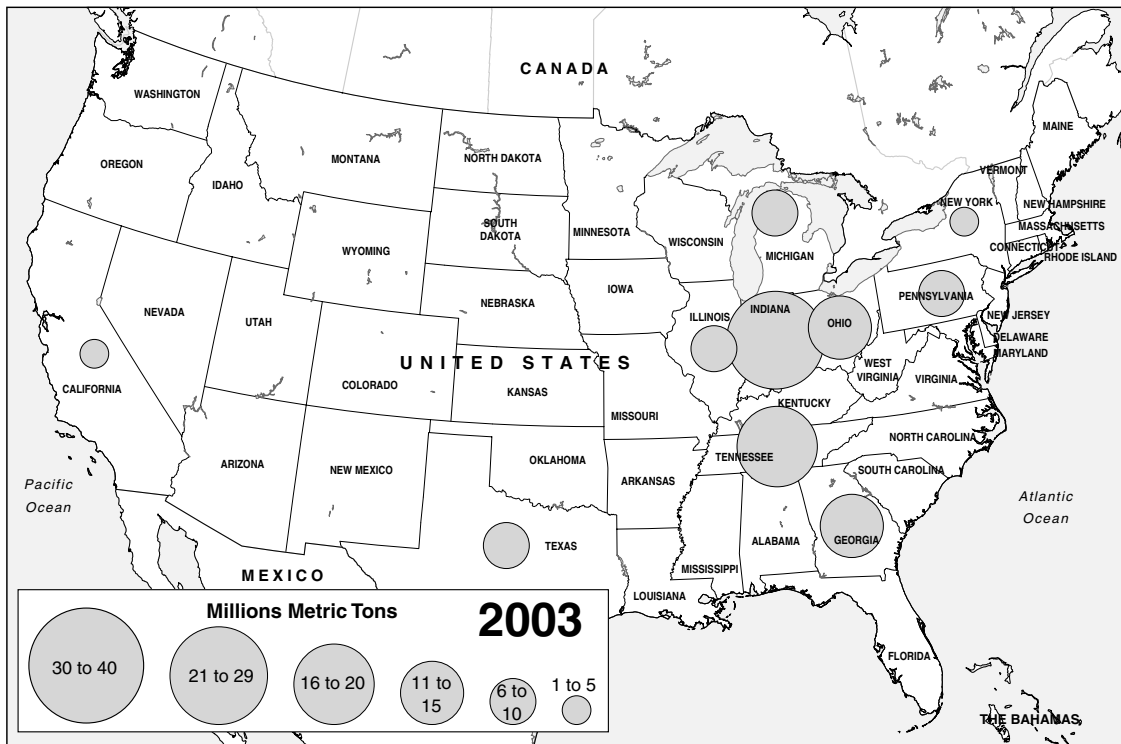
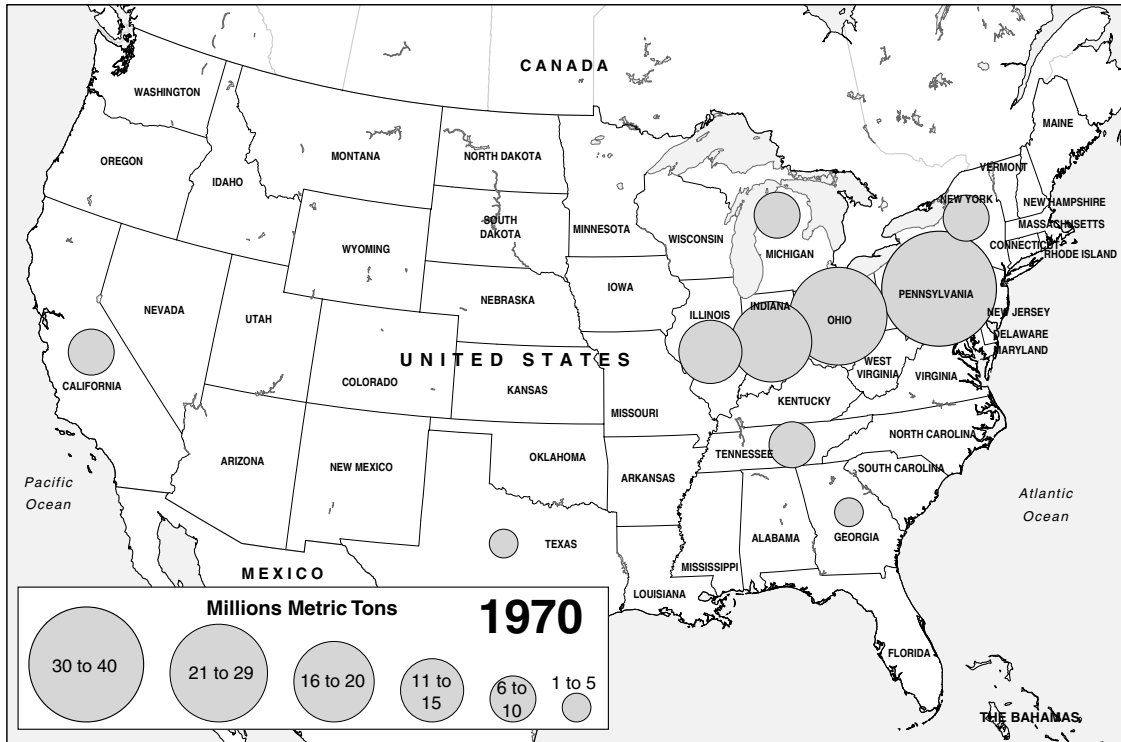
From the beginning of our republic, the most crucial point of systemic conflict between our intrinsically protectionist, pro-"fair trade" Constitution and the rival British Empire, was the Anglo-Dutch Liberals' lunatic cult of "free trade." The British imperial policy aimed at the destruction of our U.S.A. was always, still today, a policy of political-economic "globalization" based on the ultramontane religious cult of "free

FIGURES 1a-1d

Steel Regions' Raw Steel Production, 1926-2003



LaRouche, on his record the leading long-term economic forecaster, emphasizes the current breakdown “crisis has two principal aspects. One aspect is monetary-financial; that is the imminent collapse before us, as the world as a whole. The other aspect is economic—by which I mean real economy: physical economy, not monetary or financial economy.” This physical breakdown is shown by lapsed-time maps of production of steel in America, selected from a series spanning 1900-2003. Since 1970, steel production has shrunk dramatically, and what remained shifted south to non-union electric-arc furnace plants.

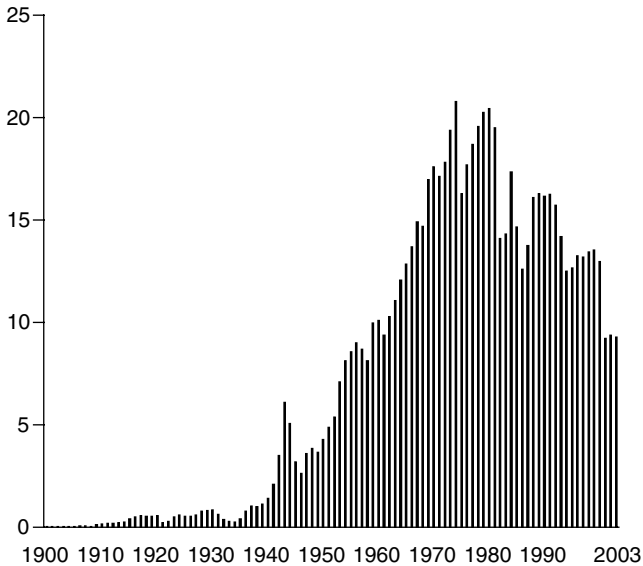


The marker in Georgia represents seven southeastern states' production; that in Tennessee represents five south central states' production; that in New York includes also three mid-Atlantic states and Connecticut; that in California represents five western states.

FIGURE 2a

U.S. Aluminum Production Per Capita, 1900-2003

(Metric Tons per 1,000 People)



Sources: U.S. Geological Survey; U.S. Commerce Dept.; *EIR*.

“When we survey the U.S. economy over the 1964-2004 interval,” LaRouche writes, “we see what has become a cumulatively awesome amount of accelerating, long-term trend of attrition in all physical factors of an economy which has been transformed from the world’s leading producer nation, into a dying and decadent, ‘post-industrial,’ entertainment society.” These charts of the 20th-Century record of production of key factors of the physical economy, show the trend back toward the per-capita production levels of 1900.

trade.” To parody John Milton: today’s “globalization” is Britain’s doctrine of “imperialism” writ large.

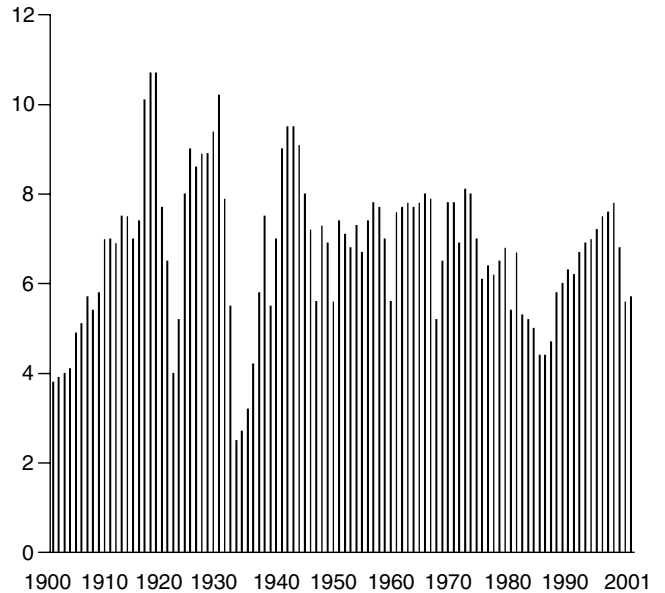
It was British imperialism’s doctrine of “free trade,”² combined with post-1815 Britain’s support for the Spanish monarchy’s slave-trade into the U.S.A. itself, which looted and ruined the U.S. economy under pro-liberal Presidents during the interval from land-bank “bubblehead” Martin van Buren’s Andrew Jackson through August Belmont’s copper-headed anti-Lincoln Presidential candidate, the “Napoleonic” George McClellan. The suppression of slavery, which had contributed no *net* wealth to, but had greatly weakened the U.S. economy, was the indispensable launching-point for

2. Notably, both the German Social-Democracy and V.I. Lenin erred fundamentally, in defining Twentieth-Century “imperialism” on a Marxian argument which traced the emergence of imperialism from industrial capitalism. Rosa Luxemburg’s *The Accumulation of Capital* was the needed correction of the relevant blunder of Marx himself. Compare the facts with the studies of the U.S.’s Herbert Feis later. The original blunder was not that of the Social-Democratic Marxists, but that of Karl Marx himself.

FIGURE 2b

U.S. Copper Production Per Capita, 1900-2001

(Metric Tons per 1,000 People)

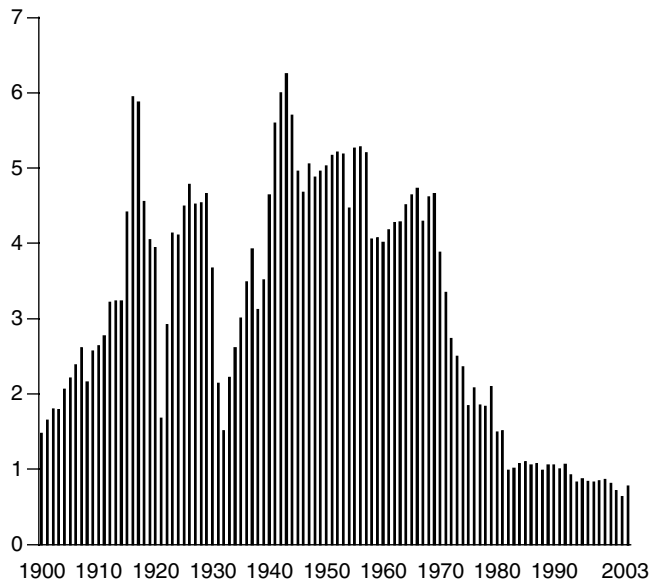


Sources: U.S. Geological Survey; U.S. Commerce Dept.; *EIR*.

FIGURE 2c

U.S. Zinc Production Per Capita, 1900-2003

(Metric Tons per 1,000 People)

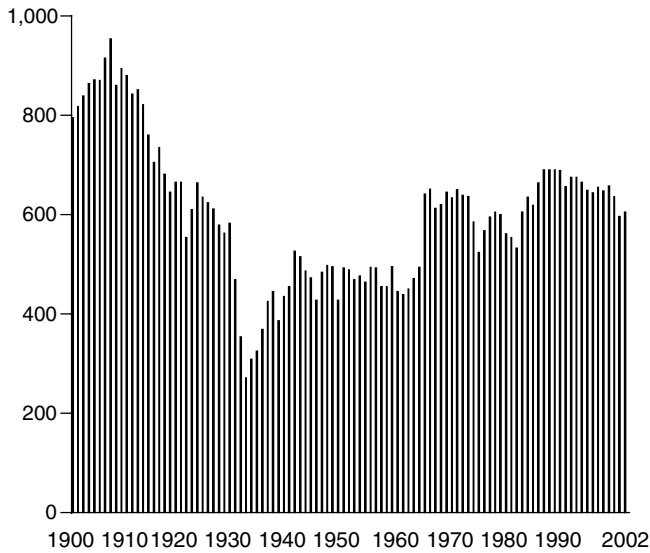


Sources: U.S. Geological Survey; U.S. Commerce Dept.; *EIR*.

FIGURE 2d

U.S. Wood Production Per Capita, 1900-2002

(Metric Tons per 1,000 People)

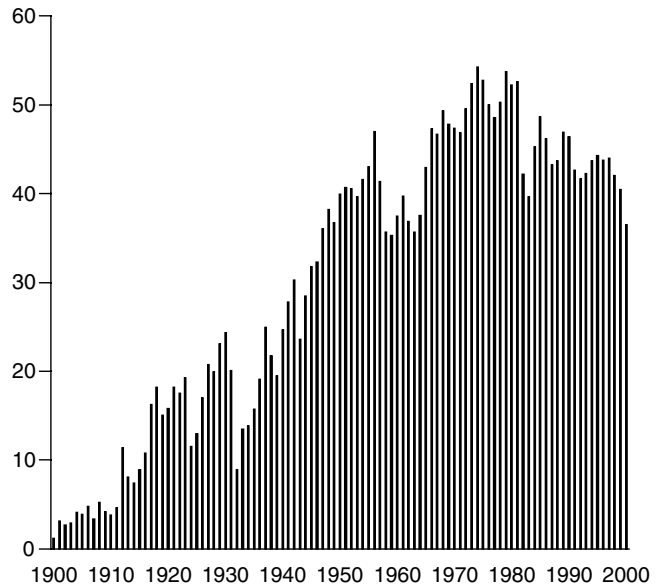


Sources: U.S. Geological Survey; U.S. Commerce Dept.; *EIR*.

FIGURE 2e

U.S. Sulfur Production Per Capita, 1900-2000

(Metric Tons per 1,000 People)



Sources: U.S. Geological Survey; U.S. Commerce Dept.; *EIR*.

world power we became under the impact of President Lincoln's and Frederick Douglass' leaderships.³

1.2 Capital and 'Free Trade'

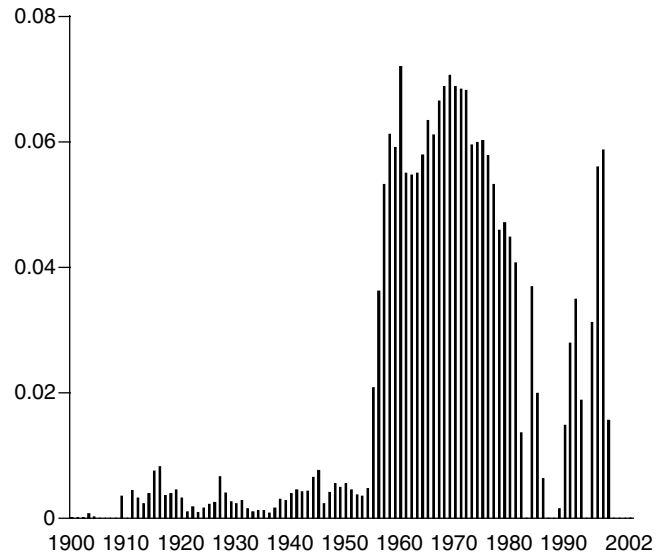
To reduce this set of political issues to their expression as economic policy, we must look at the poisonous character of the doctrine of "free trade" from the vantage-point of considering the essential role of the formation and development of physical forms of capital in a nation's economy. It has been, essentially, the revival of a radical form of British "free trade" dogma during the middle through late 1960s, which was the key economic-policy lever by which the U.S.A. was trans-

3. See Henry C. Carey, *The Slave Trade: Domestic & Foreign* (1853, 1858) (New York City: Augustus M. Kelley Publishers, 1967). Although profits of slavery were taken by the British Empire and its U.S. slave-owner and related lackeys, the production by slaves was a net loss to the U.S. national economy, a classical case of what is known in economics as "primitive accumulation," the looting of the land of the U.S. and of the bodies of the Africans captured by Spanish, Portuguese, Dutch, French, and British slave-trading interests. The losses to the U.S. economy from slavery itself, were compounded by the effects of the "free trade" policies imposed upon the U.S. by the London-directed interests. For these reasons, the Lincoln-led defeat of the British Empire and its Confederacy puppet, resulted in a great upsurge of the productive powers of labor in the U.S., an upsurge which was undermined seriously from 1876-1877 on, by the traditional pro-slavery, pro-British Democratic Party and the Tory New York City-based Republicans. Presidents Theodore Roosevelt, Ku Klux Klan enthusiast Woodrow Wilson, Coolidge, and Hoover typified what President Franklin Roosevelt regarded as "the economic royalists," from whose larcenous hands he rescued the continuing constitutional existence of the U.S.A.

FIGURE 2f

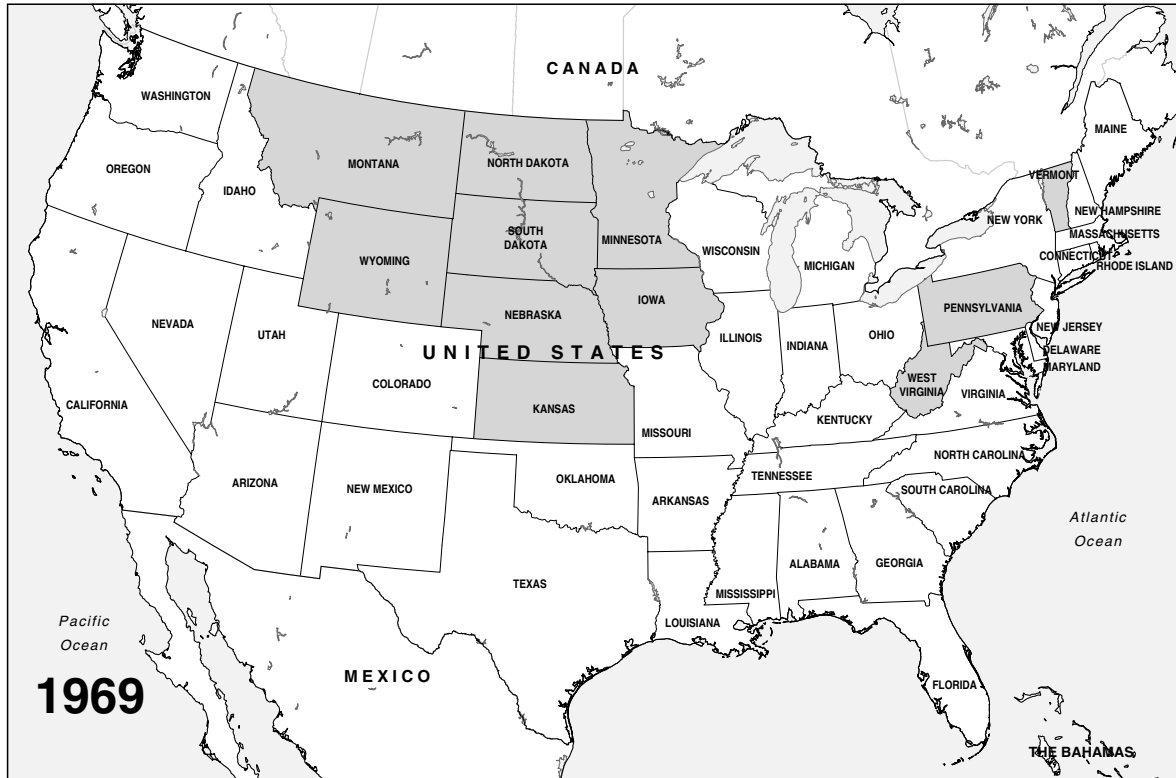
U.S. Nickel Production Per Capita, 1900-2002

(Metric Tons per 1,000 People)



Sources: U.S. Geological Survey; U.S. Commerce Dept.; *EIR*.

FIGURES 3a-3d States with Federal-Standard Level of Hospital Beds per Capita



The successful 1946 Hill-Burton Act was employed to lift most counties in the nation above a needed standard of 4.5 hospital beds per thousand population. The lapsed-time maps show how that healthcare infrastructure was cut back and placed out of reach of millions after 1980. "Overall, we have a vast loss of essential basic economic infrastructure."



FIGURE 4a
The Abandonment of Rail, North Central U.S., 1970-2000



John Sigerson / EIRNS 2002

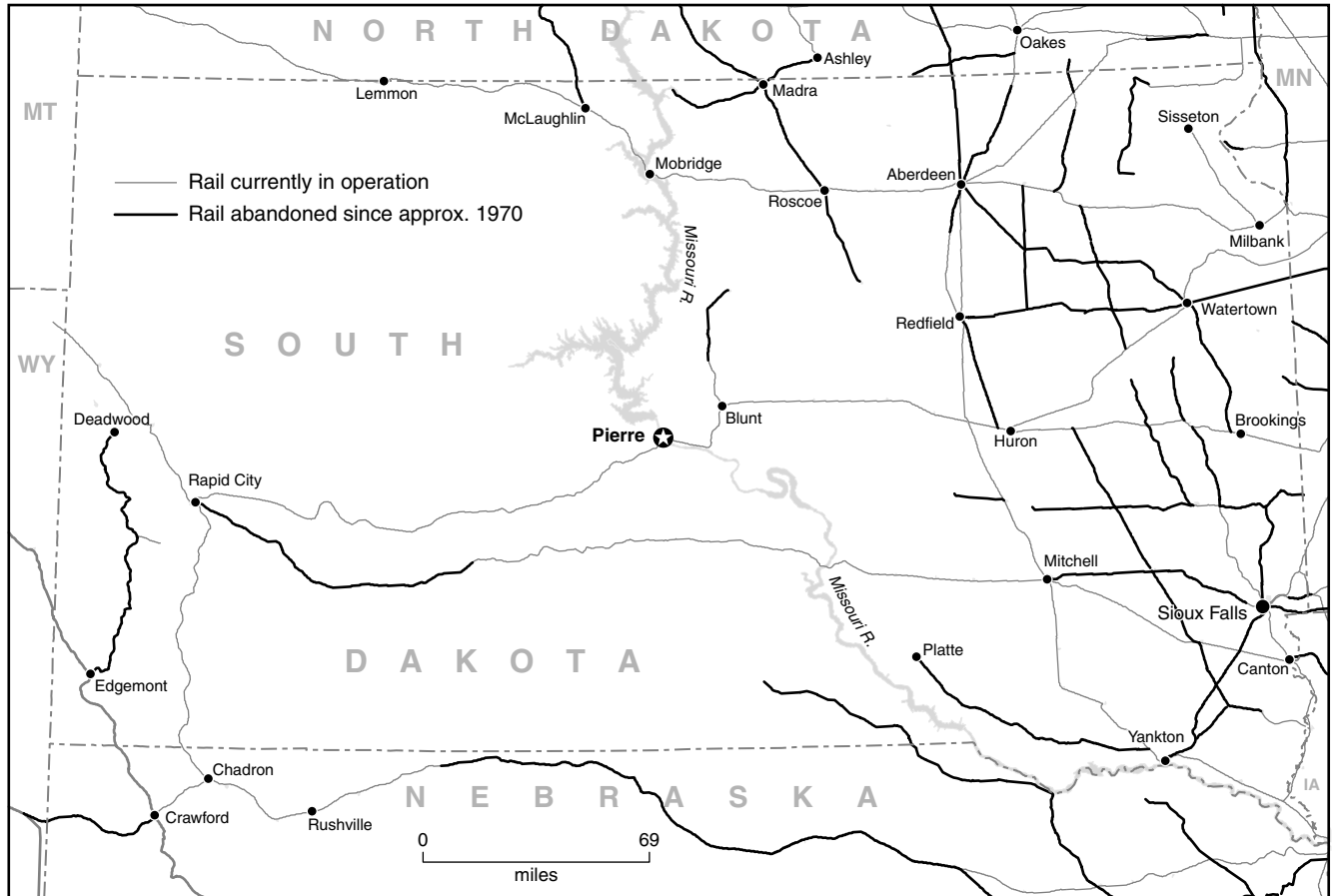
In the East North Central region—Ohio, Indiana, Michigan, Illinois, and Wisconsin—one-third of the Class I rail trackage of 1970 had been shut down by 2000. The map shows abandonment of lines to such major cities as Chicago and Springfield, Indianapolis, Toledo, and St. Louis. Rail ferries between northern Michigan and Wisconsin cities are also gone. The rail abandonment starkly reflects the manufacturing collapse of this vital industrial region.

formed from the world's leading producer society, to become the decadent mass of hollowed-out, rotting wreckage of past glories which our "post-industrial" utopia has become today.

For example, in today's U.S.A., "physical capital" is correctly defined by reference to the approximate quarter-century of development of infants, children, adolescents, and

FIGURE 4b

The Abandonment of Rail, South Dakota 1970-2000



John Sigerson / EIRNS 2002

South Dakota represents many farm states: More than half of the rail grid in the eastern half of South Dakota, connecting it to the East, has been abandoned.

young adults, into professionally pre-qualified members of our nation’s regular labor-force: an approximately twenty-five-year capital half-cycle, a half-cycle of a single generation. We must then measure all other capital formation, and its maintenance and development, against the yardstick of a single generation as a social unit of capital formation.

The effect of driving the price of goods to the lowest price through “free trade” mechanisms, lowers current prices of goods by destroying the essential physical capital and the standard of living among the general population of the labor-force. Furthermore, it results in the looting of natural resources, and leads thus toward a large degree of relative physical breakdown of the economy. Such have been the results, over the course of the recent forty years, especially the recent thirty-odd years. These are the results of forty years, to be seen in the long-term cultural breakdown of a U.S. which was being transformed from the world’s leading producer nation, to a global parasite which, like self-doomed ancient imperial

Rome, has collapsed its own productive power at home, through looting the cheap labor and natural resources of the poorest sectors of the population in the world abroad. We have become a monstrosly decadent form of “entertainment society,” a modern caricature of the “bread and circuses” culture of ancient imperial Rome.

Typical of the way in which radically monetarist forms of “free trade” have destroyed, directly, the productive powers of labor within the United States’ economy, is the cumulative cut-backs, and looting of both public and private investments in long-term physical-capital improvements since, especially, the beginning of the administration of President Richard Nixon.

Since the founding and development of the Massachusetts Bay Colony under the Seventeenth-Century leadership of the Winthrops and Mathers, the emphasis on the combined effects of public improvements, fostering of scientific development of technology, as at the Saugus iron works, and the

promotion of canals, development of sources of power for manufacturing and related uses, regulation of fair trade levels, and so forth, had been the foundation of all periods of advances in a system of political freedom which was, and is still dependent upon the cornerstone of fostering and protection of the benefits of a rising standard of living and education built upon the foundation of a commitment to capital formation in science-driven progress.

From investments in machine-tools through large-scale integration of power, water-management, and mass transportation improvements, medium- to long-term capital investments in building up, cumulatively, the productive powers of labor, have been the characteristic feature of the progress of the U.S.A. and the improved well-being of its people. The neglect of such capital improvements, and even the reversal of such improvements, on one pretext or another, have been the principal source of the economic afflictions of our people and our nation in general, especially since 1971-72.

These capital improvements often run in the order of cycles of installation, maintenance, and depletion, of one to two generations' span. Some systems have served us for a century; more often, for a half-century, or a single generation. If we cease to build the cost of creating and maintaining those combined public and private investments in physical capital into the built-in overhead charges on sale of produced goods, and into maintenance of family-income levels on a scale comparable to the frontiers of modern technology of productive and related progress, we decay, and perhaps die as a national economy.

The driving of prices to the lowest possible level, loots the world's existing economy, by both destroying existing useful physical capital, and preventing the investment in new. By driving prices to the lowest level, we transform human beings compelled to labor at those prices, to human cattle, to a life as yahoos.

These considerations of physical capital must be built into prices of goods exported and traded otherwise. Unless such "fair trade" levels are installed and maintained, we are ruined as our economy has been wrecked since the middle of the 1960s, especially since the 1971-1975 change from a successful fixed-exchange-rate, regulated monetary system, to the presently bankrupt, doomed floating-exchange-rate, globalized system.

If you voted for "free trade," you have no one to blame for your misery as much as yourself.

2. The Price of Scientific Incompetence

The new series of studies provided through the pages of *EIR*, may be viewed as a technique for making clear to those citizens who are laymen in physical-economic matters, those ideas which are indispensable for affording ordinary busi-

nessmen and other citizens a sane insight into the way a healthy modern economy functions.

There are, admittedly, certain deep principles of science involved. I shall identify, briefly, some of those deeper principles in this present report. However, what we have designed for your customary use, might be fairly described as a decision-making model, a model which meets the decision-making needs of even the layman, a model which happens to operate as it does because of deep scientific principles which, in the future, ought to be mastered by students in secondary education, and should be mandatory study in any program of higher education. The distinction here is that between the requirements of the user and those of the designer, as between the design of the automobile which the typical citizen can use in a rational way, but a model derived from the science required for the successful design of that vehicle.

In this and the following sections of this report, I identify the general nature of those deeper principles. After that, I present the decision-making methods and procedures which the citizen must know in order to make rational decisions in economy.

2.1 What Is Economy?

The mere possibility of the existence of any successful form of economy, depends upon those specific mental powers of the human individual not existing in any lower form of life than man.⁴ These powers are expressed by society's potential for willfully increasing the human species' *potential relative population-density*, as no lower form of life could do this.

The simplest illustration of this difference is met, in each case, as an experimental proof of what is known as a scientific hypothesis, defines a proven universal physical principle. The discovery of these universal principles, affords mankind the ability to increase the number of persons who can be sustained within an area of a given type and quality, as no species of animal can do this. This principle of the human mind enables society to sustain an increase of human output which is greater than what must be necessarily consumed by society to produce that output. So, our species is contrasted with higher apes, whose potential living population would be numbered in not more than millions, did man not exist; whereas the living human population of today is reported to be currently in excess of six billions individuals.

The idea of national economy was belatedly established as an institution of modern European cultures during the Fif-

4. This use of "powers" signifies the notion which the pre-Aristotle Classical Greeks, such as the Pythagoreans and Plato, associated with the Greek term *dynamis*. That meaning does not exist in either the doctrine of Aristotle or the modern empiricists and positivists. Hence, the bitter quarrel between Carl F. Gauss, who, like Kepler, Leibniz, and Riemann, associates universal physical principles with such powers, and, the opponents, the empiricists Euler, Lagrange, et al., over the physical-geometric significance of the complex domain. This notion of powers is associated with the Classical principle of hypothesis, a principle whose existence the reductionists, in general, ignore or flatly deny.

teenth-Century, Italy-centered Renaissance. In this way, the modern form of sovereign nation-state republic was first established, in Louis XI's France and Henry VII's England. For the first time in our knowledge of history, a principle of government was adopted in which the primary responsibility of government was maintaining and improving the standard of general welfare of all of the population and its posterity. It was the long-sought emergence of that form of sovereign nation-state republic, which gave birth to what is competently defined as modern economy. Such a sovereign nation-state assumes responsibility for maintaining the well-being of the entire population, to such effect that the present generation is enabled, and implicitly obliged, to develop later generations which are more numerous, and more powerful productively, than themselves.

Thus, no known such political-economy existed prior to the Fifteenth-Century Renaissance, which is to say, prior to the birth of the modern sovereign nation-state republic. Ancient and medieval economies were based upon systems in which a relatively powerful few, held the many in subjection as either herded or hunted human cattle. The idea of a republic in which no one could be reduced to the status of human cattle, is at least as old as the conflict between Solon of Athens and the Sparta of the Lycurgus code; but, the realization of such a republic was postponed until modern European times, when, for the first time, the performance of government was conditional upon its promotion of the general welfare of all of the living and their posterity: the principle which, as stated in the Preamble of the U.S. Federal Constitution, is the highest law of our own republic today.

It was the affirmation of this principle of modern society, in the 1648 Treaty of Westphalia, which, for the first time, established a principle of international law among nations, which brought forth the form of European society which, despite powerful contrary forces within society, has dominated the shaping of the history of our planet since the middle through late Seventeenth Century. That Treaty of Westphalia is the standard by which the degree of civilization of nations and peoples is to be measured, still today.

It was in the context of those developments, that a rational notion of the physical, rather than merely monetary-financial conception of "growth" or "profit" on material production as a whole, emerged as the concept of modern national political-economy. As the Seventeenth-Century reforms of France's statesman Jean-Baptiste Colbert and the scientist Gottfried Leibniz typify this, that Treaty of Westphalia unleashed the locked-up potential for society's increases of its own productive powers per capita and per square kilometer.

For example. Concede that much of contemporary secondary and higher education is a farce. Yet, after making that concession, the fact remains that to maintain the supply of professionally capable persons needed to maintain present U.S. society as a whole, education of the young would have to be extended today to an age of between 18-25 years. This requires a certain level of health and cultural existence of the

population growing up during that quarter-century. Today, in relatively advanced European cultures, for example, most of the population must be educated up to the level of professional competence, if those cultures are to maintain a quality of function which makes them useful to humanity more broadly.

Therefore, for the U.S.A., for example, the challenge is to maintain a population as a generation-in-education, for up to a quarter-century, before assuming full adult economic responsibilities to the society as a whole. This development must be of a certain quality. The potential physical productiv-

The driving of prices to the lowest possible level, loots the world's existing economy, by both destroying existing useful physical capital, and preventing the investment in new. By driving prices to the lowest level, we transform human beings compelled to labor at those prices, to human cattle, to a life as yahoos.

ity of the graduates of education must be of a quality and quantity, over forty or more years of post-graduate life, to meet the requirements assigned to that generation for maintenance of the entire population during that interval, and for providing a rate of effective scientific-technological progress sufficient as a relative starting-point for the coming two generations. Such development of a new generation represents a unit capital cycle for what a revived U.S. productive economy must become today.

If a society, such as the U.S.A., lowers the standard of living, as by cheapening wages-income, or by cutting on education, basic economic infrastructure, health-care, or, by putting a relative freeze on technological progress, and so on, the society as a whole would send itself into a long wave of collapse. It is precisely this which the U.S., among others, has done to itself, to degrade itself from its former status as the world's greatest producer nation, to the rotted-out "post-industrial" parasite-nation we have become over the course of the recent four decades.

2.2 Physical Economy

The work of the Russian founder of the branch of physical science known as biogeochemistry, V.I. Vernadsky, helps us to make clear some of the crucial practical implications of what I have just said.⁵

5. Cf. Lyndon H. LaRouche, Jr., *The Economics of the Biosphere* (Washington, D.C.: EIR News Service, 2001).

FIGURE 5a

Aluminum: Operational Production Capacity, 1955



Sources: U.S. Geological Survey; Department of Commerce; EIR.

LaRouche asks, "Do we make life better, firms, cities, and states, more efficient, by allowing Enron-like swindles, which loot the consumers of power, loot and destroys the existing generating and distribution networks, and drive the price of power up to the point of triggering chain-reaction collapses in economy?" Here is aluminum production in America's Northwest states of Washington and Oregon, which grew on President Franklin Roosevelt's New Deal's bountiful and cheap hydro-electricity, and from the mobilization for World War II.

FIGURE 5b

Aluminum: Operational Production Capacity, 1970



Sources: U.S. Geological Survey; Department of Commerce; EIR.

By 1970, aluminum production expanded with inexpensive, reliable power, under a beneficial regime of regulation by the Bonneville Power Authority. (Counties that are white have no aluminum production.)

FIGURE 5c

Aluminum: Operational Production Capacity, 1990



Sources: U.S. Geological Survey; Department of Commerce; EIR.

In 1990, the Northwest accounted for one-third of all of America's aluminum production.

FIGURE 5d

Aluminum: Operational Production Capacity, 2003



Sources: U.S. Geological Survey; Department of Commerce; EIR.

In 2001, the Dick Cheney-backed deregulation of energy began in California. As the Northwest was simultaneously hit with a drought, which lowered water levels for electricity generation, the Northwest electricity markets went wild. Aluminum production shut down, likely for good.

Vernadsky, following the precedent of the pre-Aristotle, Classical physical-scientific method of Thales, the Pythagoreans, Plato, et al., divided the scientific experience among three specific categories of universal physical principle: a.) processes whose principles are adequately determined experimentally without taking the existence of life into account; b.) processes whose governing principle is consistent with a principle of life (the Biosphere); and, c.) processes whose origin is a principle of cognition (the ancient Greek *noësis*), a principle higher than that of life, which exists only in the manifest intention of the Creator and the creative powers of the human individual (the Noösphere). Vernadsky's method divided the known universe among three classes of fossils: "fossils" of non-living processes; fossils of living processes; and, fossils of mankind's use of his creative powers to develop objects and conditions not otherwise produced by nature, as a functional part of society's environment.

Thus, biogeochemical studies show the fossils of the Biosphere as an increasing ration of the total composition of the planet Earth, whereas the relative weight of the fossils of human creative innovation and related work, is increasing at rates more rapid than the expansion of the Biosphere as such.

Here, we touch on matters of scientific principle which are absolutely decisive for a rational understanding of physical economic processes, and yet which are rarely taught, or even known to exist, in most university curricula today. This involves the most important controversy in all which is known as science in European culture since no later than ancient Classical Greece to the present day.

The significance of this view of the Biosphere and Noösphere for the purpose of studying physical capital movements, and their function for the economy as a whole, is that the U.S. economy will now depend upon an expenditure of approximately half of the total national real (physical) capital investment in maintaining basic economic infrastructure which represents man's willful changes in the Biosphere and Noösphere: the maintenance and expansion of improvements in the Biosphere and Noösphere. It means the greening and water-management of the planet, especially our own and our immediate neighbors' portion, and also capital investments and maintenance of systems of power generation and distribution, mass transportation systems, urban development, health-care and sanitation, and education. The remaining portion, in the range of half the total, will be required for power-intense, technological progress, in expanded volume and science-intensity of investments in production of goods for consumption.

In the American System of political-economy, this means, in today's technology, that about half of the total capital investment in the economy as a whole involves government's action in the economy at various levels (e.g., international, Federal, state, and local): either as government enterprises, or activities with private participation which are sponsored and regulated by government action. This creates the "environment," in the broadest sense of that term, within which

private initiative acts, and upon which, for the most part, effective private initiative depends.

In that set of relations, we must recognize that the role of private entrepreneurship as a creative force in the economy, is an exemplary expression of the intention we ought to associate with the concept of the Noösphere.

Those forms of human creativity which Euler, for example, implicitly insisted could not exist, are actual activities, which express the sovereign creative powers of the individual mind. These are typical of the proper characteristic of all phases of a national economy; but, they acquire a special meaning in the case of the private entrepreneur who, like the leader of a machine-tool-design firm, expresses the quality of strictly defined scientific creativity as the characteristic distinction of the work of that enterprise. These, for example, are typical of the closely held machine-tool and related enterprises on which large construction and manufacturing enterprises have depended, as the corporation's vendors, for their best achievements.

A better understanding of this role of the creative entrepreneur can be developed by a thorough-going reflection on the content of U.S. Treasury Secretary Alexander Hamilton's Dec. 5, 1791 Report to the U.S. Congress *On the Subject of Manufactures*.

The same lesson can be learned in another way, by studying the discrepancy between the relative achievements of Soviet military science and that relatively miserable management of the non-military sector which I, in February 1983, pointed out to the Soviet government as the Achilles' Heel which could bring about the collapse of Soviet power "in about five years."⁶ This collapse reflects the fatal weakness in Karl Marx's and Frederick Engels' adoption of the British Haileybury model of political-economy as the foundation for Marx's own leading economic works. The issue here, is not so much between the U.S. and Soviet systems, but the specific form of common opposition of both the British system and Soviet schools of Marxian economy to the American System of political-economy of Franklin, Hamilton, the Carveys, and Friedrich List.

The Human Side of the Equation

The lesson to be learned on this account, at this point in this present report, is of great present relevance to the typical incompetence prevalent among those certified economists of Europe and the Americas today, whom I have justly described on more than one occasion as "quackademics."

The most vicious, even viciously anti-human of the fea-

6. See Lyndon H. LaRouche, Jr., Kempinski Hotel Press Conference, Berlin, October 12, 1988. The video-taping of that public press conference in Berlin, was broadcast in a national TV Presidential campaign broadcast later that same month. In it I forecast the imminent chain-reaction collapse of the Warsaw Pact governments of Eastern Europe, beginning probably with Poland, and leading to the agreement to re-establish Berlin as, once again, the national capital of Germany.

tures of Marxist dogma bearing on the implications of the essential role of the entrepreneur, is typified by Frederick Engels' argument on the subject of "the horny hand of labor." His argument was a real howler of pseudo-scientific babble: that technological progress in human society came not from a creative power of the individual mind, but "the opposable thumb." This piece of anti-scientific ideological folly by Engels, merely typified the kindred implications of the "class struggle" psychology of the socialist movement generally, an "anti-intellectual" mental sickness, which is also echoed as a widespread tradition within the arguably anti-communist trade-union organizations. It is that background which produces the type of warped, intellectually and morally crippled ex-socialist personality met among Vice-President Dick Cheney's outrightly fascistic collection of neo-conservative "chickenhawks" today.

The common root of that kind of mental illness in modern European cultures, a root which the indicated sickly type of professed socialist shares with mathematicians such as Euler, Lagrange, Cauchy, et al., is what is termed, generically, as "reductionism." In the case of Euler et al., that mental disorder is called empiricism, or, in later expressions, positivism.

This sickness of the mind has a deeper root, not limited to the environs of globally extended European cultures. The root is the view of the oligarch that the mass of people must be managed by conditioning them to submit to live as either herded or hunted human cattle. The connection is typified by the infamous argument which the anti-American Adam Smith borrowed from the Physiocrat Dr. François Quesnay. In this matter, Quesnay, in positing "laissez-faire," had insisted that the profit of the estate was generated by the lord's property-title, in respect to which the workers on the estate were, in economic function, merely as cattle. Adam Smith translated Quesnay's notion of "laissez-faire" as "free trade." This same mental disorder is a principal axiomatic feature underlying the doctrines of that majority among contemporary academic economists whom I have fairly described as "quackademics."

The absolute distinction of man from the beasts, is also the basis for the possible existence of the human species, as we have known its pre-historic existence and history. This distinction of the human mind, the power not only to generate the discovery of previously existing universal physical principles, but to increase mankind's power in and over the universe through the powers lodged with those discovered principles, is the characteristic feature of the human individual, on which the existence of human society, and modern economy, depend absolutely.

The cultural problem has been, that, everywhere we look into pre-Fifteenth-Century history and fathomed pre-history, the condition of the generality of mankind is the life of herded or hunted human cattle. The submission of such cattle to the whims of the cattle-herder, has been that relic of bestiality against which all noble efforts for mankind have been fought. The development of the Classical form of modern sovereign nation-state, as expressed by the Florence-centered Fifteenth-

Century Renaissance, represented a threat to those interests, including then the Venetian financier-oligarchy's interest. Thus, the repression of peoples by means such as the Spanish Inquisition and the religious warfare of the 1511-1648 interval, was carried over into the forms of reductionist political philosophy, such as empiricism, in which the existence of the most essential human quality of the individual mind was the target of a virtual intellectual mass-castration performed under such titles as public and higher education.

Against that background, the true struggle for human freedom has been against those forms of repression of the creative powers which distinguish the human individual from the beasts which a Frederick Engels would portray them as being. It is when the role of the entrepreneur is situated against that historic background, that the noblest intention of the concept of entrepreneurship of farmer and artisan expressed by Hamilton's *On the Subject of Manufactures*, leads us into moral, as much as practical insight into the special quality of genius expressed as the anti-British-Empire, American System of political-economy.

The combined, interdependent role of the coordinated progress of entrepreneurial agriculture, with the entrepreneurship of the growing urban centers, both tied together by the development of publicly sponsored basic economic infrastructure, as described by Hamilton in that report, captures the essence of the American System in mid-motion.

A New Dimension in World Economy

Globally, as the population of South, Southeast, and East Asia increases, and as the development of higher standards of productivity and existence of these populations must proceed, the next two generations on this planet will experience a growing demand for so-called raw materials. That challenge is soluble, but it will require a massive increase in development of management of mineral resources, capital-intensive improvement of the Biosphere, and escalating rations of accumulated investment in basic economic infrastructure of human productive development and related quality of life.

To conduct and maintain vast physical-capital investments of these and related types, would be impossible without a long-term return to a global fixed-exchange-rate monetary system, echoing the original, Bretton Woods, protectionist model of a global system. This requires the scrapping of globalization, and of free-trade policies, in the interest of increasing per-capita capital-intensity and knowledge-intensity permeating planetary economic life.

This can be accomplished with a relatively minimal friction under the original American System of political-economy associated with our Federal Constitution.

Under such a system, "independent central banking" vanishes from the planet's life. Governments assume the responsibility for a monopoly on the issue of national currency, and management of its circulation. This must be done with the specific intention of protecting long-term capital investment

at long-term rates of primary borrowing costs (“discount rates”) not in excess of 1-2% simple-interest-rate per annum. This requires, as a supporting feature, a policy of “fair trade,” and related regulatory systems, both within national economies, and internationally. The governing intention must be to channel initiative into those capital-intensive modes of investment in scientific-technological progress which increase the per-capita accumulation of invested capital to the effect of raising the level of investment in Biosphere and Noösphere, as measurable per square kilometer and per capita.

The proper intention of financial profit in these matters, is not financial gain as such. The proper intention is to afford the enterprise a margin for growth and development of the quantity and quality of its contribution to society. In the example of the closely held enterprise which is science-technology-development-driven, this is the explicit function of what is nominally financial profit. In other instances of useful enterprises, the same intention is reflected in a slightly different way, as providing a service which is useful for society, but which contributes, like a good newspaper, book, or scientific-cultural periodical, to the promotion of ideas and products which compete in quality of function on behalf of the kind of service they provide to the society and its members as “consumers.”

Money itself has no intrinsic moral value. A principle of “honest money” does not exist. Money, unchecked by measures of management of its issue and circulation by government, tends, by its very nature, to contribute to the factor of entropy in national economy, and, as we have seen since the international monetary reforms of 1971-1975, the power of money may become an intrinsic evil.

Looking at this matter otherwise. Ask the question, as if putting this question to U.S. Treasury Secretary Alexander Hamilton: Why have private enterprise at all? Why not let the government decide almost everything?

The fact of the matter is, as all known history shows this to be the case, that popular opinion is usually wrong, and, unchecked, is a source of the greatest of all the evils which mankind has inflicted upon itself. Popular opinion is, by virtue of its nature, the force of mediocrity, of stagnation, even, as under the massive vote for Hitler’s position as dictator, an absolute force for evil. In all known history, the role of leadership contributed by a relatively small number of individuals, even, sometimes, a single individual, is the indispensable force for needed good for society as a whole. As in the case of the greatest scientific contributions, it is the absolutely exceptional individual who has proven indispensable. In broad terms, the opportunity for some individuals to prove, by persuasion and demonstration, that society’s prevalent opinion, even its laws, are dangerously wrong, and that a tiny minority of opinion may be key to society’s endurance and progress, defines the importance of the same indispensable quality of exceptional leadership.

Take this report, and its issue of exceptional leadership, now to its next step. Take for example, the history of Classical

tragedy, from ancient Greece, as from Aeschylus, through Shakespeare and Friedrich Schiller, where the secrets of the role of the exceptional individual in history are taught.

3. The Sovereign Individual Person

These tragedies were never fiction. In each case, the author, such as Shakespeare, took as a subject an actual problem of culture, as this problem is shown in the reflections of an actual case of history, or from a legend which is accepted by some group of people as part of their history. The example of the tragedy inherent in the handed-down culture of Greece, as shown by reference to both Homer’s *Iliad* and the dark age of Greek culture which erupted in the aftermath of the Trojan War, is such a case. The great Greek tragedies, composed by the predecessors of Plato, all address a characteristic, potentially fatal flaw in traditional Greek culture, a flaw being carried forward, as if genetically, from one generation to the next.

In each instance of this, the purpose of the tragedy was to uncover the axiomatic, usually “self-evident” assumption, embedded in the culture of the audience, which must be made conscious, and willfully removed from their psyche, if repetition of the same old tragic folly were not simply to be repeated. The warning by that exceptional quality of leader Solon of Athens, to those who had succeeded him in leadership of that city, is typical of this challenge. Plato’s criticism of the tragedies authored by his predecessors, is the most crucial turning-point in the development of what has become modern statecraft.

When we re-enact Plato’s set of dialogues as the dramas they were intended to be, we recognize that error of the earlier tragedians, and also the correction for that error. This correction was subsequently defined by the Classical playwright Friedrich Schiller as the factor of the “Sublime.” Here lies the most precise indication of the historical significance of the relatively exceptional individual leader in thought for the survival and progress of civilization.

The point being made by me here and now, is of the most crucial importance respecting such matters as the survival of U.S. Constitutional government under today’s zooming escalation of a general, global monetary-financial breakdown-crisis of the present world system. Therefore, we must spend some time here in outlining the most essential of the rudiments of the case so located.

The most important example of this from pre-Plato Greek tragedy is the surviving second part of Aeschylus’ *Prometheus* trilogy, in which the explicit subject is the way in which a Greek culture imprisoned within the moral corruption represented by the mythology of the Olympian Zeus, was doomed to treat its own population largely as merely human cattle. This is the same Olympian evil carried forward into modern times by the Roman Empire’s revival of that intellectual corpse of Aristotle, which produced the great lying hoax of Rome’s Claudius Ptolemy, and, later, the creation of “Aris-

title for Dummies” as what is called empiricism, under the influence of the world’s greatest loan-shark, Venice, under the personal direction that tyrant of Venice, Paolo Sarpi, who is truly the father of that bastard known as the ever-sinister Anglo-Dutch forms of liberal imperialism still today.

Against that background, Shakespeare’s English histories, based on the study of the tragic corruption of Norman England from Henry II through the overthrow of the beastly tyrant Richard III, capture the functional essence of the actual history. Schiller’s dramas, such as *Don Carlos*, *The Maid of Orleans*, *Maria Stuart*, *Wilhelm Tell*, and so on, are a most refined expression of the deeply insightful presentation of real history, as actual history, or legend with the force of history in the mind of a people, of the historical actuality within which the drama is situated. They are never “morality plays,” nor the “immorality plays” preferred by the pro-satanic Bertolt Brecht and his often naked imitators from among contemporary “Regietheater” charlatans.

The great tragedian, such as Aeschylus, Shakespeare, and Schiller, does not present a mere chronicle. Rather, his genius is expressed in the way the drama is composed to the effect of imparting to the living audience the essential characteristic of the period of actual history which is mediated to the audience through the drama composed for the stage. The great directors and actors who are required to deliver a competent performance of these plays, reject the foolish egotism of a Sir Lawrence Olivier, who reported that the motive for the actor’s choice of career is, “Look at me!” (What an artistically ugly spectacle that sometimes produced!) The function of the division of labors among the playwright, director, and actors, is to use the stage to evoke the essential, determining, “axiomatic” feature of a real period of history within the mind of the member of the audience.

As Schiller once expressed this: the function of Classical theater is to have the audience leave the theater better people than had entered it. The means by which great drama and its performance accomplish that ennobling result, is by addressing the most common form of essential evil within the members of the audience, their moral littleness of mind and spirit.

Great Classical tragedy impels the mind of the member of the audience to find itself captured by the failed role of the putative hero, the Marquis of Posa, in Posa’s relationship to King Philip and Don Carlos, respectively. The heroine of that drama is the Queen, who is necessary for the drama, to expose the tragic force of Posa’s own folly, as Schiller uses secondary characters in his *Wallenstein* to show the good lacking in the actualized Wallenstein who fails to act against his Habsburg masters, to bring the horror of that war to an end. By putting the member of the audience in the position of wishing that the crucial figure of the tragedy were not such a failed fool, the citizen among the audience finds himself, or herself judging the behavior of the powerful figures of society, rather than merely complaining about his own immediate personal problems.

Thus, by tasting the notion of the citizen’s moral responsi-

bility for judging and guiding the leaders of his or her society, the person of “little mind and spirit” entering the theater, leaves it sublimely uplifted morally and intellectually by an impassioned sense of his responsibility as even “just a little citizen.”

It is upon such ennobled “little citizens,” that the greatest leaders of a society for a time of crisis, such as President Franklin D. Roosevelt, depend for the support needed to carry forward those initiatives by means of which a nation, such as a U.S. doomed by the re-election of Herbert Hoover, rises to throw off the tragedy of its time, and usher in, at least, a period touched by greatness.

This is not merely the secret of the mission, composition, and presentation of great drama; it is a reflection of the essential role of the individual in all of history. It is that principle of the individual, which is the essence of the principle of true entrepreneurship upon which the anti-British (anti-Anglo-Dutch-Liberal) American System of political-economy is premised.⁷

The best choice of pedagogical model for explaining the way in which most U.S. citizens (like those of Europe and Ibero-America) are “brainwashed” today, is by reference to both Johannes Kepler’s elaborated denunciations of the fraudulent character of Aristotle’s influence on not only the hoaxster Claudius Ptolemy, but also Copernicus and Kepler’s one-time associate Tycho Brahe.

On precisely this point, it is more essential than merely relevant, today, to recognize that only ignorant, or foolish people regurgitate the myth, that the issue of the Sixteenth Century was the division between Catholicism and Protestantism. In fact, the issue was that created by the Venetian-controlled faction within the Catholic clergy, who acted, beginning the 1480 unleashing of the beast-man of the Spanish Inquisition, Tomás de Torquemada, for the purpose of destroying that Catholic Church which had been brought back to life as an institution of ecumenical intent by the great continuing Fifteenth-Century effort associated with Cardinal Nicholas of Cusa and others.

It is exemplary, that one of the leading figures in bringing this about, included typically, not only Venice’s Cardinal Gasparo Contarini, but the posting of the virtual head of the Venetian “Home Office,” Francesco Zorzi, to London, to act, in the capacity of de facto marriage counsellor, for the brainwashing of the mentally unstable King Henry VIII. In this role, Zorzi launched the attack on Nicholas of Cusa which became the source of the continuing efforts to destroy competent scientific methods of work still today. The initial attack by Zorzi, against Cusa’s founding of the modern method of

7. Hence, the actual rival of the American System of political-economy was never Karl Marx as such, but the Anglo-Dutch Liberal system of political-economy which Engels repeatedly induced Marx to defend, as in the case of Engels’ dictating role in prompting Marx’s ignorant attacks on Friedrich List and Henry C. Carey, in both cases, in defense of the Anglo-Dutch Liberal system. Unfortunately, the socialist movement generally never recognized what should be clearly obvious as the true nature of Engels’ character.

experimental physical science, in Cusa's *De Docta Ignorantia*, was Zorzi's attack on the "method of *docta ignorantia*." Zorzi's point of departure then, as in related influences on the Council of Trent's opposition to the preceding Council of Florence, was the effort to establish the tyranny of dead Aristotle over a live Church and European culture in general.

The split between the Catholics of the Council of Trent and what became known as Protestantism generally, was sculpted by the handiwork of de facto tyrant of Venice, Paolo Sarpi, the Sarpi who deployed his house-lackey Galileo Galilei for sundry pieces of dirty work, and who, aided by Galileo, brainwashed the British agents of Venetian influence Francis Bacon and Thomas Hobbes. This and related actions by Sarpi codified the division between Trent Catholic and Seventeenth-Century Protestant as the counterposition of dead Aristotle to "Aristotle for Dummies," the latter otherwise known as empiricism, Cartesianism, and, later, positivism.⁸

The secret of that whole ugly business came out into the open with the publication of empiricist Immanuel Kant's hoax, the series of *Critiques* which purported to unite empiricism with the body of Aristoteleanism. Not so incidentally, until certain editing frauds perpetrated in the post-World War II period, Heinrich Heine's warning of the dictatorial implications of the influence of Kant's *Critiques* was recognized as validated by the emergence of Nazism in Germany. In later editions, the relevant portions of Heine's writings were removed from newly printed editions.

The common, pro-dictatorial feature of the neo-Aristoteleanism of Zorzi et al., empiricism, and Kantianism, is reflected in Kant's *Critiques* by the denial of any knowledge not derived, by reductionist methods, from sense-perception. This feature of Kant's writings, which was soon superseded by the G.W.F. Hegel who had swooned in virtually lustful adoration of the tyrant Napoleon Bonaparte's conquest of Hegel's Germany, has been imitated by Vice-President Dick Cheney, in Iraq and elsewhere, as brutal farce. This was the same Hegel who, post-1815, had transformed his earlier adoration of the fallen French Emperor, into mystical worship of the principle of the Prussian monarchy. Thus, in his doctrines on history and the state, Hegel codified the example of the Thrasymachus-like Napoleon as what became the incarnation

8. Friedrich Nietzsche's "God is dead" [It has been reported by some, that God said: "Nietzsche is dead"] is to be traced implicitly to what Philo of Alexandria traced to Aristotle's nominalist definition of "perfection." The pathological use of the term "perfection," as this notion implicitly permeates all of Aristotle's teachings and influence, is as "completed." Whereas, for the Christian, for example, "perfection" in the Creator signifies a perfectly endless power of creation. The wise rabbi's way of putting the point is, "The Messiah will come when God decides; you will not find that date published in any authentic contract." In physical science, man's use of discovered universal physical principles empowers man to change the universe by acting willfully, as man, through the power of those discovered principles. This does not lessen, but increases the awesome respect for God, as by Johannes Kepler, in that God is using us to assist in His continuing work of creating the universe.

of Adolf Hitler as dictator under the Hegel-Savigny tradition. This is as reflected by the legal tradition of the Crown Jurist of the Nazi system, the follower of the ancient Thrasymachus, Carl Schmitt, the original sponsor of the Anglo-American career of Chicago University's Professor Leo Strauss.

Thus, it is the individual who breaks the putatively "self-evident" rules, such as those of pro-Aristotelean, pro-empiricist, schoolbook Euclidean geometry, who typifies the most human of individual persons living today: the bold champions of humanity against the corruption shown by the followers of Leo Strauss. It is this anti-empiricist (e.g., anti-formalist) quality in the person which is typified by the best examples of the true original scientific discoverer, the greatest Classical poets, the most admirable entrepreneur of closely-held enterprises, and the truly qualified political leaders of a nation under today's conditions of threatened terminal world crisis.

This brings us to the particular subject-matter which I have frequently addressed under the rubric of "the goldfish-bowl syndrome."

3.1 The Escape From the Goldfish Bowl

The typical American, or European, today, lives in a kind of prison of the mind which I have called "a fishbowl." Like a goldfish swimming in a fishbowl, or larger aquarium, the typical American explains the world around him to himself, in terms of certain arbitrary, but popular assumptions which should remind us of the *a priori* definitions, axioms, and postulates of a secondary school course in Euclidean geometry. The widespread belief that "free trade is necessary," or the delusion that "NAFTA will help our economy," or the babbling Alan Greenspan's ritual worship at the pagan altar of globalization, are only some notable examples of the kind of brainwashing which controls most individual and collective behavior at the highest and lowest levels of rank in our own and European nations today.

But for the power which those delusions exert, axiomatically, on the decision-making of our own nation (for example), at nearly all levels, today, we would never have tolerated what President Nixon did to begin the wrecking of the U.S. economy in 1971-72, and would have rejected all nominees for election to high Federal office who supported those policies by which we have transformed our nation, formerly the greatest productive power on this planet, into a post-industrial mass of wreckage and mass-misery of an imperial form of "bread and circuses" culture today.

If we are to escape from the doom now descending upon us, we must change our ways. We must use the very shock of the fact that our economy is disintegrating physically before our eyes, to force ourselves to recognize that the first thing we must change is our own popularized habits of opinion-making. The beliefs which have caused us, as a people, to destroy us through transformations in that downward direction which have become habitual over four recent decades, must be identified, so that they must be removed, by the people

themselves, from inside themselves.

The ideas by which we, as a people and nation, have been induced to destroy ourselves, have a character like the definitions, axioms, and postulates of a formal Euclidean geometry, beliefs which have no actual proof, but which we take on faith, beliefs which become the shackles we place again upon our own mind as we awaken each day.

This is “the fishbowl syndrome.” This, we must understand. This, you must also understand, even if trying seems to make your head hurt.

Therefore now, we must impose upon readers, even those with a relatively sparser scientific education, to ask them to follow the argument at this point. We must interpolate here, some clarification of the principles of science which are indispensable for independent understanding of what we shall present in relatively plain words, in the concluding section of this report. I have worked this out for as much simplicity as would not misrepresent the case; but, although I have worked this down to as much simplicity as that allows, this will, admittedly, include some passing moments in this section where patience and concentration by the reader will be required, as preparation for the relatively straightforward description in the section to follow.

Paolo Sarpi’s empiricist followers, such as René Descartes, followed in the way of folly mapped by reductionists such as Aristotle. The followers of Descartes, including the Paris-based Venetian Abbot Antonio Conti and his English accomplices, created a synthetic Isaac Newton which they superimposed upon the image of the black-magic specialist of the same name.⁹ They defined the universe by means of the arbitrary adoption of a set of allegedly “self-evident” definitions, axioms, and postulates. The adoption of that set of ivory-tower assumptions was adopted as the framework within which all observable events must be mapped by “the faithful,” mapped in an arithmetic way. The adoption of such a set of axiomatic assumptions, is the elementary example of the class of mental disorders which I have named a “fishbowl syndrome.” Belief in “free trade” is a common symptom of such a mental disorder, a “fishbowl syndrome.”

9. The literary, mythological Newton, as distinct from the actual biological entity of the same name, was the common product of a concert of influences, including the notorious theologian and hoaxster Samuel Clarke, which latter was acting largely under the influence of the Paris-based Venetian abbot and avowed Descartes devotee Antonio Conti. Conti, until his death in 1749, was the central organizing figure of a network of salons throughout Europe, including the notorious Voltaire, d’Alembert, and members of the later inner circle of the Lord Shelburne who created the British Foreign Office organization, the Martinist freemasonry of Count Joseph de Maistre, et al., behind the French Revolution, the same Martinists who later produced that financier-oligarchical circle, the Synarchist International, which created the fascist regimes taking over western and central continental Europe during the 1922-1945 interval. As to the biological Newton himself, the London opening of what had been supposed to be his wondrous chest of secret papers revealed what the responsible investigator in the case, John Maynard Keynes, denounced as a collection of black-magic and kindred rubbish.

Notably, the middle through late Eighteenth-Century devotees of the Newton cult, such as d’Alembert, Euler, and Lagrange, and their Nineteenth-Century followers, such as Laplace, Cauchy, et al., adopted what they defended fraudulently as a purely mathematical basis, free of the contamination of geometry. Their fraud was to evade the truth that what they had actually done was to adopt a Euclidean-Cartesian geometry as self-evident, and that the adoption of this choice of element of a “fishbowl syndrome,” eliminated any further need, as J. Clerk Maxwell asserted this, “to consider any geometries but our own.” For example, in his several childish vitriolic attacks on Leibniz, Leonard Euler, one of the world’s leading mathematical formalists, then ensconced at Berlin, acted on behalf of the wide European network of Newton-cult salons which had been organized by the Paris-based Abbot Antonio Conti. Leonhard Euler employed a geometry which is purely an ideological construct based on the Cartesian model.

When Carl Gauss had exposed the expression of this type of fraud by a circle orbited around Euler and his protégé Lagrange, Lagrange defended himself publicly by emitting the line repeated by every leading ideologically like-minded professional babbler afterwards, alleging that Gauss had cheated, by bringing the issues of geometry into play in addressing the matter of The Fundamental Theorem of Algebra. Since then, the praise for d’Alembert, Euler, Lagrange, and their devotees as those who had freed science from the alleged “obscurantism” of Abraham Kästner and Gauss’s 1799 paper, has been the party line in defense of the tradition of such as Laplace, Cauchy, Grassmann, Helmholtz, et al., to the present day.

This outgrowth of the empiricist ideology of Hobbes, Locke, Hume, Mandeville, Quesnay, Adam Smith, Euler, et al., has been the leading expression of the pathetic “fishbowl syndrome” in European culture since that time, to the present day.

The principal consequence of the spread of this empiricist cult in the abused name of science, coincides to a large degree with the reductionism already adopted by such aberrant ancient minds as the Eleatics, Sophists, and Aristoteleans. Their system compelled these types, then as now, to deny the existence of any *knowable* powers in a rationally defined universe which did not fit more or less neatly into a mechanistic, Euclidean-Cartesian-like manifold.

This did not prevent those mystics from filling the mental gaps they created with purely arbitrary, supernatural powers, such as those of wild-eyed belief in magical mumbo-jumbo. So, Bernard Mandeville, François Quesnay, and Adam Smith defined economy as regulated by crooked croupiers determining man’s fate by casting loaded dice for men’s souls, doing this, implicitly, from under the floorboards of what they defined as that real universe which they confined to the precincts of sense-perception. So, Mandeville defined public good as the fruit of private evil; so, Quesnay defined the magical fruit of *laissez-faire*; so, Adam Smith’s notion of the magic of

“free trade” plagiarized Quesnay. A case of the “fishbowl syndrome” pathology.

However, it would be a mistake to assume that the incompetence shown by such empiricist ideologues was merely a matter of geometry as the Euclidean geometry classroom would define it. The name for the subject at issue is *physical geometry*, as the ancient Pythagoreans and Plato understood this point.

For example, my initial and enduring personal hostility to Euclidean geometry erupted from within me on the first day of my high-school class in Plane Geometry. For me, the task of geometry was to uncover the principles which accounted for the increase of the functional strength contributed by an iron or steel beam, by eliminating certain weighty parts of a simply solid beam. It was apparent to me, from such experiences as frequent spectator visits to construction at Boston’s Charles Town U.S. Navy Yard, there had to be principled way in which the beam must be crafted geometrically, to optimize its function of support. The idea of a geometry apart from the geometry of physical processes as such, was for me a disgusting, foolish enterprise. Against this, I revolted in that instant, and could never accept a standard doctrine for geometry after that.

I was not only right, but this experience played a crucial, persisting part in leading me to the discoveries I first rounded-out during the 1948-1953 interval. Often, thus, the crucial issues of science are lying there to be recognized, right under our nose, and often in the disguise of what are mistakenly taken to be self-evident propositions of sensory experience.

To go to the heart of the principal error of the Cartesians and their like: they presume that the universe in which we act, and are acted upon, is the naive experience of its perceptible effects, effects accepted childishly, as in simple correspondence with the view of them adopted as a relatively naive view of sense-perception. As I have already emphasized, this point is best illustrated for modern European cultures by the fallacy of d’Alembert, Euler, and Lagrange exposed by Carl Gauss’ 1799 paper on the subject of *The Fundamental Theorem of Algebra*.

When we depart that fantasy-realm of purely arithmetic constructions, for the practical reality of experimental physical science, we encounter what Gauss, Riemann, et al., define as the complex domain of physical-geometric action. In a mathematical physics so defined, sense-perception is known to be the mere shadow of reality, shadows created by the sense-organs’ superimposed interpretation of the experience which they “know” as sensations. The sense-organs do not show us the reality to which they are reacting, but they do, instead, show us their reaction, or, perhaps, lack of reaction to the actual occurrences within that real universe outside their senses.

This fact, that sense-perception is the shadow of some features of reality beyond what the mere senses tell our minds, compels us to focus attention upon the essential, axiomatic

quality of difference between man and all inferior forms of life. This view, by accepting the fact of the limited authority of sense-perception, rejects *sense-certainty* in favor of trust in experimental methods of discovery. This is sometimes called “Platonic realism,” although some of those who used that term, such as the empiricists and doctrinaire materialists, were clearly not quite in the real world themselves.

Two crucial points of mathematical physics from the standpoint typified by Cusa, Leonardo, Kepler, Leibniz, Gauss, and Riemann are both essential and sufficient points of reference for the purpose of this report. First, which we shall consider immediately, the physical meaning of the so-called “complex domain.” Second, after that summary, the function of Riemannian physical geometry is to be seen as both an escape from the fishbowl of belief in presumed sense-certainty, and as the foundations for an understanding of the kind of universe in which a real economy is situated.

The essence of competent physical science, including economy, is that the human mind operates effectively through those methods of scientific discovery traced from the impact of Egypt’s culture upon the development of Classical, pre-Aristotle Greek science. The prompting for this development came from Egypt, and its practice of astronomy since long before the astronomical-instrument-like features in the design of the Great Pyramids of Giza, nearly five thousand years ago. From this basis of science in astronomy, came the notion of *spherics*, a notion which is the central feature of method in all competent mathematics developed in pre-Aristotle Classical Greece.

Instead of imagining that physical space-time is located within an intrinsically linear, Cartesian-like system, we must view the universe as the ancient astronomer does: as if the night-time sky were a vast spherical space; all calculations are made by taking the sphere, rather than the line, as the measuring instrument for exploring the evidence of the astronomical space within which our planet, and its observers are looking outward to the universe as a whole. This was the method of the Pythagoreans, from which the crucial physical-mathematical and related features of the work of Plato were chiefly premised.

As Kepler’s elaborated discovery of gravitation, as in his 1609 *The New Astronomy*,¹⁰ details the process of discovery,

10. It is a sign of the morally corrupting influence of the empiricists, that the founding works of modern mathematical physics, the writings of Johannes Kepler, were not translated into English publications until some time after I had made a whopping protest against this hoax by omission, during the middle of the 1970s. Then, our best sources were translations into the German, in which the educational program among my associates depended until the appearance of some useful English translation nearly a generation later. See, *Johannes Kepler: New Astronomy* William A. Donahue, trans. (Cambridge, U.K.: Cambridge University Press, 1992). Without living through the experience of discovery as elaborated in painstaking detail by Kepler, there can be no competent understanding of modern European science. The role of Kepler in making the first discovery of universal gravitation, a feat which neither Galileo nor the Newtonians could replicate, and the related prescription by

there are anomalies of motion which suffice to demonstrate that the universe we are observing is not really the universe as it functions, but only a distorted shadow of that universe. Hence, Kepler defined universal gravitation in terms not mastered by those, from Galileo on, through the Newtonians, who attempted to plagiarize Kepler's discovery.

This discovery of Kepler's illustrates the following points of fundamental importance for a competent science of physical economy: for the kinds of study of economy which are the only competent approach to understanding the world's present economy in an efficiently practical way under the conditions of the presently onrushing general breakdown-crisis of the present monetary-financial system. How shall we define the functioning of an economy under conditions, like the present ones, during which a monetary process no longer has any meaningful correlation with physical-economic realities?

The experimentally validated discovery of any universal principle, proceeds as Kepler's discoveries were premised explicitly on a Platonic method presented directly to him by the successive work, in defining modern experimental physical science, by Nicholas of Cusa, Luca Pacioli, and Leonardo da Vinci. Hence, a general notion of modern physics is essentially the notion of a Kepler-Riemann universe, whose development as a subject of science, has depended, pivotally, on the intervening contributions of Leibniz and Gauss. The crucial distinction between such a physical science and Aristoteleanism or empiricism, is the function of the notion of those hypotheses which experimental verification demonstrates to be universal physical principles. This brings this report to a crucial point respecting the methods of representation associated with the indicated pedagogical use of animations, rather than linear accounting methods. This proves a strong conception of the notion of the functions of a complex domain.

The complex domain is a mathematical representation of the relationship of an unseen object, an experimentally demonstrable universal physical principle, to the domain of sense-perception. What is described by the function, is in correspondence with the effect of the action of the domain of unseen universal physical principles, to produce the effects recognized by means of sense-perception.

What this does, is to free the mind from attempting to adduce the ordering of events in the universe from such foolish and arbitrary assumptions as "action at a (linear) distance." The result is not a linearized non-Euclidean geometry, as the celebrated Hermann Minkowski blundered axiomatically on this account in his famous lecture on relativity, but an anti-Euclidean geometry. The latter is a physical geometry, in

Kepler to future mathematicians, to solve the challenge of creating a true universal infinitesimal calculus, and related implications of elliptical functions, are the needed experience in reliving the principles of hypothesis and experimental validation, without which induced blind faith replaces reason in the foundations of the student's effort to acquire a "fishbowl"-free conception of scientific work.

which functional relations are not merely linear or non-linear, but *anti-linear* in the sense of a universal principle of sphericity as the primary form of metrical conceptions, free of the ideological fishbowl of Euclidean a-priorism.

As Einstein came to know, the universe of relativity is a Kepler-Riemann universe, a fact which was made clear to me, not from physics as ordinarily situated in the classroom, but as my discoveries in physical economy led me to recognize the implications of my discoveries as pointing to a Riemannian physical geometry as the medium of action within economies taken as wholes.

It is in the effect of applying discovered universal principles, such as those of so-called physical science, to the processes of production, that the relationship of scientific ways of discovery to mankind's practical existence, is put into a needed perspective, not only for economics, but for physical science in general. To think of science, without defining science as technological progress toward increasing the potential relative population-density of mankind, the teaching of physical science itself is a grand fallacy of composition, a disregard for the process in which the practice of science controls our way of looking at the role of society in physical science itself. Until we have humanized the practice of physical science, as only economic progress in the conditions of life of society as a whole can show us this connection, we lack any effective moral sense of the social function and nature of physical science itself.

The complex domain so conceptualized, especially when situated within the domain of a science of physical economy, is the means for escape from the magical delusions, such as those of Locke, Newton, Mandeville, Quesnay, and Adam Smith, and British political-economy generally, delusions arising as the desperate fruit of fanatically blind faith in sense-certainty.

The reductionist (e.g., empiricist) seeks to get around the physical-mathematical evidence for the complex domain, by reducing the description of the work of experimental physical science to a system of what are, ultimately, linear axiomatic assumptions. These are assumptions more or less in the form of mathematical convergence on the considered effect, as Leonhard Euler did, for example, or Augustin Cauchy later. This now brings us to a crucial point in the report as a whole.

Thus, the mathematical physics so construed by the reductionist, is not an identification of the physical principle involved, but a mathematical description of the specific form of trail left by the principle whose motion is measured in its footsteps.

The Psychology of Physical Science

The point here, which is indispensable for a competent contemporary practice of a science of physical economy, is that an experimentally validatable universal physical principle, is an integral type of object in the same sense that we

recognize objects of sense-perception. This point is most clearly emphasized in what is taken as a rather obscure part to the body of Riemann's now-published work, "*Zur Psychologie und Metaphysik*," in which he underlines the connection which I have just stated here. He uses the German term "*Geistesmasse*," which may be translated with fair approximation as "thought-object." In fact, any serious reflection on Riemann's principal published works, presents a reflection of precisely that notion of "thought-object." This notion of "thought-object" as defining the nature of the subject-matter, is peculiar to two special areas of human thought, to the development of experimental physical science and principled forms of Classical artistic composition.

The term "psychology," as used by Riemann in that referenced location has the following, deliciously ironical implication.

One of the most important observations in ordinary matters of human life, is the ability of the mind of the infant, to organize his or her sense-experience into a domain of definite thought-objects. In the case of Classical physical science, as in successful forms of Classical artistic composition, the same notion of "object" appears as the central feature of that experience.

Take the case of a Classical musical composition by an able composer who follows strictly the principles of well-tempered counterpoint of J.S. Bach. This includes, emphatically Wolfgang Mozart, especially from 1782 on; Haydn, similarly; Schubert; Beethoven most consummately, a feature of his work most emphatically expressed in his famous late string quartets, which are consummately Bach and something else beyond; Mendelssohn; Schumann; and, Brahms, especially the later Brahms' work, through his remarkable last four religious songs. The qualified performer, like the composer, does not perform a string of musical notes. Rather, he, or she begins with a specific thought-object, the name and image of that composition as a whole, as a single, indivisible object of thought. Thinking of that object, the performer is governed by his or her knowledge of that indivisible identity of the composition, in the unfolding of the performance, not as a mere memorization of a series of notes.

This notion of the composition as a thought-object is inseparable from a notion of the process of development which is the permeating intention of the composition, and the intention, perhaps slightly different than that of the composer, which the performer has adduced as his or her development of the idea of that composition. In other words, development and intention, are the basis for the idea of the composition. The identity of the composition is not a label attached to it; but, is the composer's and performer's attempt to reduce the array of detail in the unfolding of the work to a single notion of an integral developmental process. I have found Beethoven's Opus 131, 132, and 133 (Grosse Fugue), as the most compelling illustrations of this point.

The same is true of Classical poetry and drama, Classical

tragedy most emphatically, most consummately. In the case of physical science, Kepler's *The New Astronomy*, when considered against the background of Nicholas of Cusa and Leonardo, is not only one of the greatest of all works of modern physical science, but the manner in which Kepler crafts the report of his experience of the process of discovery, is of extraordinary importance for all education in physical science, for reason of the fine detail of the development of his discovery, which leaves the most indelible effect of that experience upon the student. For Kepler, the Solar System itself is an integral object of thought expressed as an ongoing process of development. The principle expressed by that process is his idea of the Solar System, in contrast to all reductionist excursions into the same physical realm.

Kepler is a prize example, thus, of Cusa's notion of "learned ignorance," of knowing nothing which one has not experienced as a process of discovery through development. On this account, taking into consideration Cusa's own later development in matters of physical science, he stands today as the virtual founder of modern European science, for just that reason: of making comprehensible to the modern world the meaning of a discovered universal physical principle as a distinct thought-object. The imprint of the work of Cusa is inescapable in following the trail of development through the work of Riemann and beyond.

With Riemann's opening statements in his celebrated 1854 habilitation dissertation, all *a priori* definitions, axioms, and postulates of mathematical physical science have been effectively banned from competent forms of continued scientific practice. However, for some figures, it is more important to be famous, and possibly rich, than right.

In place of definitions, axioms, and postulates, Riemann allows no principle except what have been proven experimentally to be a universal "dimension" of physical space-time. This not a non-Euclidean geometry; it is an anti-Euclidean geometry, a modern return to the method of Classical Greek science, the physical geometry of spherics, which antedates the specific set of reductionist perversions introduced by Aristotle. This Riemannian view of the matter, is indispensable for a competent science.

In economic practice, it is the discovery, or rediscovery of such thought-objects, which is the governing impulse underlying economic progress as measured in potential relative population-density. It is not the mathematical formula which is the principle; it is the thought-object as such, for which the mathematics is merely the intrinsically imperfect, identifying smoke-trail of the principle. There was, seemingly, never a learned academic or kindred idiot, who did not exhibit his mental disability, by strewing the heavens with calculations, in his, or her effort to obfuscate an issue of fundamental principle which he or she actually simply did not understand.

The complex domain is a way of presenting footprints of real ideas, those which express, or are derived from the effect of thought-objects.

The crucial importance of this conception of thought-objects for developing competent long-range economics forecasts, imparting competent knowledge of economic processes to professionals and general citizenry alike, and for making economic policies of practice, will be indicated in the concluding section of this report.

3.2 The Principle of Tragedy

Now, think of “Fishbowl” as another name for tragedy. With that thought in mind, turn your attention back to a place several thousand years ago, to the beginning of today’s globally extended European culture, in ancient Greece. Think of tragedy as seen by the ancient Athens of the time from Solon through Plato. Let your mind zoom in upon the place where there is an ongoing performance of the still-known first section of Aeschylus’ *Prometheus* Trilogy.

As Aeschylus is directing the performance of that drama, then and there, see the faces of the members of the audience at that performance. See them wrestling with their souls, some smiling from a sense a relief, some frowning, some hating Aeschylus for what that drama is exposing in themselves. The truth about that performance, there and then, is, that the essential tragedy of all European culture since that time, has been submission by society to belief in the god-like authority of a pagan cult such as that of the Olympian Zeus’ Olympus.

In a later time, this time a crowded assembly near the banks of colonial North America’s Connecticut River, the same hatred of truth seen in some of the faces of the ancient Greek audience, is to be recognized, as if in a simultaneity of eternity, as the belief of such evil shouting preachers as the American English colonies’ evil Jonathan Edwards, a belief explicitly contrary to *Genesis* 1 and the mission of Jesus Christ. See it being expressed beside that river, in the hate-filled face of Edwards as an assertion to the effect that man is but as a miserable worm in the eyes of God.

Accusing the Creator of both hypocrisy and bad taste as Aaron Burr’s Edwards did, is not the sort of gossip against God which a prudent man would think to be a passport to a soul’s pleasant sojourn in eternity.

As a matter of fact, the “worm,” the veritable Satan of the tragedy, is the Olympian Zeus of the *Prometheus* Trilogy. This is not mere opinion; the scientific evidence is objectively conclusive. Jonathan Edwards was clearly not really a Christian, but a pagan worshipper of that Zeus, or perhaps something worse, a thing like Fyodor Dostoevsky’s character, the consummately evil Grand Inquisitor.

On all those and other occasions from memory, or today, truth is never a belief passed along to us by word of mouth. Truth is the hardest of all facts of experimental science. The true quality of man is expressed by his creativity; man is, indeed, in the image of the Creator. This was the issue of, and the remedy for the tragedy of ancient Athens’ culture. It is the same issue which pitted Socrates and Plato against the Sophists, and the Pythagoreans of Plato’s *Parmenides* dia-

logue against the forerunners of the Sophists, the Eleatics. Truth is already expressed as the mere fact of the increase of the living human population, from the mere millions possible for a species of higher ape, to more than six billions reported today. Anything contrary to that conclusion, is false, is a lie of the kind which the greatest of mankind’s tragedies expresses, such as the tragedy enacted by the fools of the *Iliad* and their descendants.

This is not merely a fact which we might observe. For any fully civilized individual, it is a truth rooted in the certainties of his or her sovereign personal experience.

The believers’ cult of the Olympian Zeus is, in real-life image, the reign of a very much earthly oligarchy reigning over what appears to be the domain of sense-certainty, such as the extended Venetian financier oligarchy which says to its herded underlings, “Don’t think too much; do as you are told.” Since submission to such rulership is an unnatural form of willing behavior among human beings, the victim can accept willing submission to his or her dehumanized social status only by inventing and adopting what are in fact fantastic parodies of reality, that in the way in which the childish mind reaches out to fairy-tales, such as the belief in supernatural deities. The all-too-typical, willing submission to the reign of un-reason, thus assumes the form of a mythology, a kind of “doll house,” which also functions as a “fishbowl syndrome,” otherwise known as a script for a tragedy.

The tendency is, for most of the victims of such delusions, most of the time, to hide the fact of the arbitrariness of such elements of belief by adopting the imperatives, the axiomatic-like assumptions underlying, and also hiding his or her own belief and behavior from his own consciousness, except when the authority of those assumptions as such is challenged in some way which can not be evaded by his or her intention. Thus, most people are, in their own minds, like puppets hanging on the puppet-strings of authority wielded by fantastic, imaginary beings of that sort. Those authorities reigning in that fantasy-life, appear, like the Satan of Christopher Marlowe’s *Dr. Faustus*, or as the Grand Inquisitor of Dostoevsky, or, the Olympian Zeus, in a personified guise, such as the priestly garments of a Judas Iscariot.

The terror associated with the reign of those fantastic tyrants within the individual mind, is Hamlet’s terror: not the fearing of dying, but of what might lie on the other side of death. This terror can be overcome only by finding something in mortal life which is a more important aspect of himself than his continued mortality. There must be a mission in living which is not nullified by the mere occurrence of death, an immortal purpose expressed within some efficient, immortal outcome of a mortal existence, as in the image of a Jesus Christ dying in torment for mankind, or, in like fashion, a Jeanne d’Arc, or a Rev. Martin Luther King.

Thus, manifest courage in ordinary mortal folk has been often associated with the survival of their children, grandchildren, and community, as the purpose for which they are

living. The greatest fear, for them, is the extinction of that posterity. But, that is not the true, more durable source of the moral strength which they, as human individuals, require.

The true source of the required courage lies in that which empiricism, for example, denies: the experience of the act of discovery of those universal principles which are the tested fruit of true Socratic hypotheses. The transmission of the act of experiencing those discoveries of universal principle, both in receiving such gifts, and transmitting them to the future society, is the only true affirmation of a kind of accessible immortality which sets the human being potentially above the beasts. When we act on behalf of an efficient thought-object, of the type of a universal physical principle, the efficient universality of that principle carries with it our personal immortality, as, for the Christian, the achievements and consolations of Christ's sacrifice (at the hands of the son-in-law of Capri's evil Emperor Tiberius of the evil Roman Empire) for all mankind.

Science and Classical artistic composition, as I have outlined the case once again, here, are the activities by means of which individuals and societies free themselves from the shackles of pro-Zeusian or kindred, "fishbowl" varieties of ideologies.

The beastly tyrants of Zeus's Olympus take away that access to immortality. Prometheus must not transmit knowledge of universal physical principles to the herded human cattle. "If you wish immortality, you miserable herded human cattle, you must win that as an award by our capricious hand!"

Such are the "mechanisms" by aid of which the tyrant herds the herded human cattle. Ideologies, such as what may be recognized as the Baby-Boomer ideology today, have that kind of functional character of control over the behavior of the individual and collective Baby Boomer generally.

Great leaders of society, especially those employing Platonic methods, take their people out of much of the current fishbowl-ideology of that time. The pattern of the struggle of mankind, from ancient times to the present, has been one dominated by the cruel fact that most of humanity, even today, lives in the practical state of being either herded or hunted human cattle, as the Satan-like figure of the Olympian Zeus' appearance on Aeschylus' stage typifies this. Falsehood is every denial of man's natural right, and obligation to elevate the human physical and intellectual condition through Classical modes of scientific, technological, and social cultural progress.

The flip side of that issue, is that when we treat our fellow-creatures as if they were hunted or herded cattle, we do something evil, and they, because of our influence upon them, may do evil to us, as also to themselves, as we see in the case of beast-man rule of Germany under Adolf Hitler, or the self-destruction of once-great Iberian culture, a destruction done by the pro-Satanic doctrines of practice of Hitler's notable predecessor, the Grand Inquisitor Tomás de Torquemada.

It was not the only the mythical gods and heroes who

plunged the Greece of the *Iliad* into a subsequent dark age; it was the fools that those Greeks were, which created the image of such false gods as the gods of Olympus.¹¹ Other ancient, and more recent cultures have done the same. The notable achievement of the Classical culture of Solon's, Socrates' and Plato's Athens, is that it asserted man's freedom from such false gods. It was in the name of those false gods, that the Sophist party of Athens perpetrated the judicial murder of Socrates. The Apostle Paul, speaking to the Greeks on the subject of that Unknown God otherwise known as *the Composer* of Plato's *Timaeus* dialogue, exemplifies this struggle by the followers of Christ, to free mankind from the reign of the false gods of Olympus and the like.¹² All that European civilization has achieved, has been the benefit of recurring resurgence of that legacy of that current of thought running through the Classical Greek legacy of Solon, Socrates, and Plato.

Thus, that quality accessible to us which Friedrich Schiller presented as the *Sublime*, is the proper first principle of knowledge.

Take as an example of what I have just written in these

11. It was not only the account of the Roman-era chronicler Diodorus Siculus, who argued for a real-life transoceanic origin of the mythical gods of Olympus. The account by Diodorus, who was greatly influenced by Egyptian sources, commands great verisimilitude when we take into account what we know, from physical evidence known today, of the 17,000-2,000 B.C. transition from the preceding great period of glaciation into the historical era. As the case of Schliemann attests, sifting of transmitted tradition is not the best source of understanding of the history on which conventional present-day interpretations rely. A truly scientific quality of evidence is the combined product of reliving the physical experience which may be in sharp contrast to traditional accounts, and the discovery of a certain kind of crucial physical evidence uncovered now, which serves as a crucial experimental test of the hypotheses engendered by physical criticism of the systemic features of chronicles and the like. The character of the mythical gods of Olympus, as portrayed by the relevant ancient Greek sources, is in systemic agreement with the character of those Olympians and their history as variously stated or implicit in the principal crucial features of Diodorus' account.

12. It was on this account, that, near the close of the 1970s, I commissioned my relevant associates of that time to undertake a fresh English translation of the *Timaeus*, to combat the trash of English translations produced by Benjamin Jowett and like, or even worse creatures. The true meaning of Plato's dialogues is obtained by taking all of them as a set, in treating each and all, excepting the exposition on the laws, as explicitly Classical drama in which the principle of tragedy is superseded by what Schiller defines as the Sublime. These are to be experienced as drama, acting them as a play, as Plato's superseding of Classical Greek tragedy, the superseding of the tragic principle. They must also be re-experienced as scientific works. The authority for adducing their meaning is not the customary, Sophist's pedantry of the typical contemporary specialist; one must relive them as scientific experiments, to such effect that the interpretation chosen must be that which is congruent with the scientifically validated conclusion implicitly posed by the document itself, avoiding all grammarian's funerals. Typical is the case of *dynamis*, the notion of *power*, which exists as the central principle of the Pythagoreans, Plato, and like figures, but which does not exist for Aristotle, and which virtually all of the putatively scholarly treatments treat in a savagely illiterate, and intentionally fraudulent manner. Forget what course you may have passed; what do you, on your own authority, actually know?

immediately preceding paragraphs, today's contrasted popular and truthful conceptions of physical science. It is the example mostly directly relevant to issues posed in the U.S.A. by the onrushing collapse of our presently ruling economic system, the issue of today posed best to the understanding from the viewpoint of a science of physical economy.

The problem to be overcome, is that, for most Americans, and others, today, science, or even the idea of truth in general, is like road-kill, something you could pick up, or not. To see that as a matter of "free choice," rather than an obligatory matter of fantastic principle, is the essence of the same cult of Sophism which led once-great ancient Athens to destroy itself with its launching of what became the Peloponnesian War. Why the German citizens' notorious, overwhelming vote for Hitler? It was fashionable at the time, like most of the voting, and non-voting done by American citizens during recent times. That Sophism of, "I can choose to pick it up, or not, but if it is fashionable to pick it up, I probably will," is the typical symptom of the tragedy of "Baby Boomerism" in the U.S.A. and Europe today.

So, a viciously corrupt mass-media, largely owned by oligarchical interest, plays a leading role in the mass-corruption of the great majority of the population today.

Consider the following illustrations of what I have just described above.

We have presently, in a large ration of the generation now between the ages of approximately fifty-odd and sixty-odd, is what must be defined clinically as the so-called "Baby-Boomer" generation. This is President George W. Bush, Jr.'s generation of the Americas, of western Europe, and so forth, which has lost what had been a traditional future-orientation of a present, adult generation, to a better life than their own for children and grandchildren. The young-adult children of that "Baby-Boomer" generation see themselves, more or less, as a "no-future" generation, a generation produced by parents who, dreaming collectively like lotus-eaters through middle age today, gave this younger generation a world with no future in it, a world which suggests the title of neo-conservative ideologue Francis Fukuyama's *The End of History*.

That Baby-Boomer ideology is the pivotal "Fishbowl" cultural matrix of the generation occupying most of the leading executive and related positions in government and the private sector's dominant institutions. This generation may also be termed the spawn of the post-World War II utopian cult-project, the Congress for Cultural Freedom. It was this project which prepared what has been called the cultural-paradigm shifts of the mid-1960s, including the so-called "sex, rock, drug counterculture": the so-called "68ers." "Take off your clothes, abandon your brains! Try LSD and other means to throw your mind away!"

In this generation, we of the U.S.A., in particular, see those children of the post-war suburbanite households reared under the impact of the spread of the corrupting influences of the Congress for Cultural Freedom, merged with "White

Collar" and "Organization Man" cults of the 1950s. We also see the impact of the sequence of early 1960s events such as the 1962 thermonuclear-missiles crisis, the assassination of President John F. Kennedy, and Robert McNamara's launching of the official U.S. war in Indo-China. This succession of developments produced the lotus-eaters who have come to run most among our leading institutions today.

The characteristic political effect of the rise of this cultural-paradigm shift, which hit the university students of the middle to late 1960s the hardest from the start, was the shift of cultural values of the U.S.A. from the cultural characteristics of the world's greatest producer nation, toward becoming today's intrinsically bankrupt "post-industrial" entertainment society, a slide into a substitute for history known as "virtual reality."

This acceptance of a realm of virtual reality, as a substitute for the implications of willful scientific and Classical-cultural progress, is the actual "end of history," widely accepted by today's Baby Boomers and "Tweeners," which lends a queer verisimilitude to the naughty Fukuyama's notion of an "end of history."

In the U.S.A., among other nations, this domination of the institutions of the nation by an administrative stratum of that pedigree, is coupled with a division of the population between a political-economic upper 20% of power and family income-levels, and a lower eighty percentile gripped by accelerating loss of both real income and efficient political influence over government. This was complicated, during the 1990s, by the use of a manufactured flood of fictitious monetary-financial assets, used to prop up a failing economy, temporarily, with a great show of apparent wealth from production of "virtual reality," the 1993-2000 so-called "IT" boom, and, presently, the onrushing collapse of the entire world monetary-financial system.

At any point along the line, from the 1964 launching of the official U.S. Indo-China war, through the present time, we could have stopped the farce, and turned back to becoming a real economy once again. The evidence needed to draw the conclusion that that change in direction must occur, was clear. I not only saw that objective possibility of escape from the insanity which grips our world today, but have pled for its adoption over the recent forty years, and what I have said has not merely been heard, but the hearing of it from my voice has been manifestly feared among leading circles of power inside and outside the U.S.A. itself. Why, if the evidence was so apparent then, was the remedy not adopted, when we still had the efficient resources needed to make that turn safely back to sanity?

The ancient Greeks, speaking from their graves, would cry out silently to us now: "You are, as we were, a tragedy! Your Cheney is your Thrasymachus!" We did not change, because the Baby-Boomer generation was under the control of a "fishbowl syndrome." We were gripped by a collective "cultural-suicidal impulse," an impulse crafted by the nu-

clear-war-bent utopian authors of the Congress for Cultural Freedom (CCF), and by the fears of a youthful generation conditioned by both the impact of CCF brainwashing and the shocks of 1962-1968.

Now, we have come to a new shock, which we ourselves have brought upon us, because we tolerated the drift into self-inflicted ruin which the Baby-Boomer generation merely embodies in its pitiable, intellectually enslaved condition. History has often worked like that.

We often delude ourselves, that our daily choices are actually free choices, when, in fact, they were choices made as by a goldfish habituated to a goldfish bowl. Decisions involving the universe outside that ideological fishbowl, were evaded as, perhaps, “not realistic.” So, those trapped in a maze might think wrongly that their choices leading out of that maze had *not* been a trick played by the designer of the maze. We say, as we wander through that maze, while years pass, and decades pass, “But, our decisions were based on what we have learned from our experience. It was a choice made of our own free will.” It was, in fact, and is a tragedy.

Then, there will now come a time, very soon, when the whole game fails. In the history of such experiences, the prevalent tendency among a people who have been ideologically misled in that way, is that a time comes, when the visible collapse of the whole game that society has played for a generation or more, creates the opportunity, even a last chance, for a people to change their ways. Often, in history, successful changes of that kind appear only as “last-minute” changes, as we lurch now at the brink of the chasm of the general global breakdown-crisis of the existing world monetary-financial system.

3.3 Reaching to the Future

Given, that each experimentally validated hypothesis thus established as a universal physical principle, is both a thought-object and a “dimension” of a Riemannian manifold. Each of these enables mankind to increase our power in the universe, per capita and per square kilometer of our Earth’s surface-area; but there is something more. The addition of such principles to our repertoire of practice changes the *characteristic* combined effect of society’s action on the universe.

This characteristic’s effect is typified by the example of the development of electrical power for such applications as the program of U.S. rural electrification launched under President Franklin Roosevelt. Even with no additional change in the behavior of the relevant farmers, the productivity of that farmer was increased. This is merely typical of the generalized effects of applied scientific-technological progress, as expressed typically by an increase of the productive powers of labor of a person without any internal change otherwise in that person’s practice.

The same principle is illustrated in a different way as the effect of improved education of a population, on the productivity of that population.

The same principle is illustrated by the indispensable role of government’s long-term capital investment in making improvements in basic economic infrastructure in the public sector, in fostering increased per-capita productivity within both the individual operatives of the so-called private sector, and the firms which employ them.

This point, which may be recognized as a matter of mathematical-physical principle from a careful reading of Riemann’s 1854 habilitation dissertation, is also expressible in other terms of reference. Contrast the case of a typical “fishbowl syndrome” with a “competing” manifold of principles (“thought-objects”) which is, both, more or less freed of the delusions and illusions of the relevant “fishbowl syndrome,” but which, unfortunately, excludes consideration of some of those certain universal principles from among those which are contrary to the characteristic of the relevant “fishbowl syndrome.”

Put the same, latter point in other terms. The usually most crucial feature of “fishbowl syndromes” encountered currently, is that they, such as the famous *New York Times* style manual, are coherent with a banning of actual individual creativity.¹³

As I have already emphasized, the crucial issue of society’s history is the importance of “dumbing down” subject populations as a part of the social control of the relative human cattle by the reigning caste. Hence, the most important feature of nearly every “fishbowl syndrome,” is its characteristic effect as a mechanism of dumbing-down, even virtually destroying the cognitive impulses of the member of that stratum of the population.

This latter aspect of the matter is one of the keys to the rise of the U.S.A. to its position of relative moral-intellectual advantage politically over the nations of other regions of the world. The hostility to aristocracy which is characteristically American, is an expression of a tendency toward intellectual freedom lacking even in otherwise admirable cases among western European cultures, where the influence of the aristocratic caste, such as Germany’s “schicky-mickey”—the *schickeria*, or the French *chic*—is a typical force of moral corruption. Such pro-aristocratic pretensions, even when cautiously muted for political appearances, are buried within the

13. The virtual brain-damage done by modern standards of English prose-style set by such institutions, including academic ones, is the way in which seemingly aseptic tricks of style echo the bestial Mr. Thomas (“Old Hob”) Hobbes’ determination to outlaw metaphor, and irony in general. It is precisely Classical irony not symbol-mindedness!—which is the means by which actual ideas are conveyed between author and audience in Classical drama, poetry, and prose. These forms of irony, in written prose, correspond to the musical shifts which the use of a mark of punctuation, for example, conveys to the reader. A person who is conditioned to relive the practice of such contemporary style manuals is a person who, in my extensive observation of this phenomenon, is crippled in their ability to think clearly, especially about important ideas of principle. They tend to be “blocked” against thinking any new concept in which they are not drilled during their childhood and academic experience.

“fishbowl syndrome” of even such as the trade-union or kindred militant. In this respect, the idea of individual freedom, as a political characteristic of our republic’s culture, is a leading positive factor in the fostering of popular creativity and related tendencies within the population generally.

There are, of course, tendencies toward the importation of something like a European oligarchical tradition into the U.S.A., but this is, speaking historically, distinctly un-American, as contrasted with the shamelessly naked oligarchical Hispanic-cultural legacy traditionally expressed by a certain, morally degenerate, anti-American and often savagely anti-American, stratum in Central and South America. The influence of the Synarchist (e.g., fascist, Nazi) organizations within Mexico and other parts of Central and South America, takes its root in the masturbatory Quixotic fantasy-life built around the gruesome fairy-tale concoction depicting a former Habsburg glory of Philip II’s Spain.

Unfortunately, the witch-hunt atmosphere launched under President Harry Truman, and continued by that utopian pro-war faction associated with the legacies of Allen Dulles and James J. Angleton, has been the political cudgel which has beaten the spirit of sturdy independence of the individual out of much of our own population. The emergence of the cruelly diminished condition of life of a lower eighty percentile of the economic strata of our population, has been combined with recurring “police-state” tendencies, to turn the great majority of our citizens into virtual political sheep, who vote, if they bother to do so, as beggars trading votes for favors, rather than citizens occupied by the intent to compose effective government in the national interest as a whole.

These and other considerations working to similar effects, typify the decisive role of the conditions of the nation as a whole, which, in turn, create the environment which determines the motive for, or against national policy and potential impulses for improved productivity in the individual person and individual private enterprise.

Economy is not competently measured as the sum-total of individual scores. Ignorant opinion usually presupposes that national product is the sum-total of the product of individual enterprises. Even the Leontief approach to national product and income studies suffered from the effects of that error in method. It is all of the “factors” of national life, taken as a whole, as these impact individual firms, individual localities, individual households, and individual firms, which determine the impulse for productivity or relative stagnation in the individual, the individual family, the individual enterprise, the individual community, and, thus, the nation as a whole.

This connection is made clearer, by returning here, to develop a point made a short space above.

All of mankind’s gains, beyond the level of culture of a species of higher ape, are the fruit of that which distinguishes the human individual from a beast, the power of cognition, on which I have concentrated attention in this report. What is to be measured in society, as the performance of society, and

the contribution of the individual to that performance, is the action of the sovereign creative impulses of the individual person to the effect of increasing mankind’s power in the universe. It is the actions by means of which this benefit is accomplished, which is the proper concern of all studies of individual and mass human behavior.

The foremost consideration of any society which intends to succeed by such standards, is the development of those cognitive powers of the individual mind through which society’s generation of discoveries of physical-scientific and Classical-cultural principles are produced, nourished, and spread. The functional implications of this are expressed for society as a whole as the effect of man’s mastery of these matters of universal principle. The effects should be so measured.

If we are to survive now, our people must clear their heads of that mass of ideological rubbish to which they have become addicted, especially since the death of Franklin Roosevelt.

4. The Benefits of Animation

At this point in the present report, there are two things to be portrayed by economists. First, the way in which the world was brought, over forty years of moral decay in economic policy-making, into the presently onrushing general breakdown-crisis. Second, how we must monitor the kind of policy-making needed to bring about a general physical-economic recovery. Let us begin this section of the report by reviewing the situation, again here, from that vantage-point.

As I have emphasized earlier in this report, not only the U.S.A., but the world is teetering, at this instant, on the slippery edge of the greatest monetary-financial collapse in history. The threat of a chain-reaction collapse into virtual chaos, is imminent. This crisis has two principal aspects. One aspect is monetary-financial; that is the imminent collapse before us, as the world as a whole. The other aspect is economic, by which I mean real economy: physical economy, not monetary or financial economy.

The general lesson to be applied, is that without net scientific-technological progress, as measured in physical terms per capita and per square kilometer, not financial units, any economy is in a process of threatened collapse through attrition. From that vantage-point, the deliberate wrecking of the industrial economy of the United Kingdom, under Prime Minister Harold Wilson, during 1964-1967, was clearly the pace-setter for the wrecking of the world economy at large. However, to locate the principal causal factors in the presently ongoing international collapse-crisis, let us look at the result of a long-term trend of the economy of the Americas and western Europe, in particular, since the Anglo-American-led cultural-paradigm shift, downwards, of the 1964-1968 Vietnam War interval.

As I have stressed from the outset of this report, although

the two still-ongoing threats, financial and physical, to both the U.S. and world economies, are tightly interrelated; there is no simple statistical correlation between the monetary-financial and physical-economic trends. Thus, on the one side, there is what we produce and consume in the physical sense. On the other side, there are the income and expenditure of monetary-financial processes. Over the recent decades, the two kinds of processes, while interrelated, have been less and less rational in the apparent form of their interactions, especially since changes introduced by Federal Reserve Chairman Alan Greenspan in the aftermath of the October 1987 U.S. stock-market crash. The gap between the two processes, now a vast and rapidly growing gap, has been precariously bridged by a strange financial-economic category called “virtual economy.” The virtual monetization of a form of gambling side-bets known as “financial derivatives” or “hedge funds,” fills up a large part of the gap between real and virtual.

Recall that, in the nationwide TV broadcasts which launched my 1984 campaign for the Democratic Party’s Presidential nomination, I pointed out the fraudulent reporting on national income and inflation which had been prepared under prompting of the U.S. Federal Reserve System then. By Spring 1987, I foresaw and broadcast widely the probable collapse of the stock-market to occur, as it did, in early October of that year. Not only did that happen then as I had forecast, but as incoming new Federal Reserve Chairman Alan Greenspan replaced outgoing Paul Volcker, the Federal Reserve embarked on a lunatic binge more reckless than Volcker’s October-November 1979 launching of the implementation of his doctrine of “controlled disintegration of the U.S. economy.”

In an October 12, 1988 Berlin press conference, I warned of the prospect of an immediately impending collapse of the Soviet system. The video-taping of that press conference was presented as part of a U.S. national TV broadcast that same month. In 1989, the collapse occurred in the manner of which I had warned in that broadcast. A relatively immediate general collapse in the IMF system itself, was averted at that time by the offset of the vast looting of the former Soviet bloc, a looting made possible both by the 1989 collapse of the Soviet-dominated eastern Europe bloc, and by the ensuing 1989-1992 collapse of the Soviet system itself. The effects of that looting are to be seen, very plainly, in the physical territory of the former Comecon today, as presently reflected in the states of the eastern regions of Germany. The subsequent vast looting of the territory of the former Soviet bloc effectively postponed the impending collapse of the “West” for about a decade, but only until now.

Contrary to popularized mythology, a collapse such as that already ongoing now, does not appear as a single event. It occurs as it has during recent weeks. The entry into the actual collapse-phase, begins as a state of uncertainty and emotional turbulence, and an increasing sense of rage, among

relevant leading institutions, especially the leading financial circles which are desperately attempting to cling to a wishful denial of that felt change now underway. It occurs, in other words, like a messy transit of “the sound barrier.”¹⁴ It is, in short, the period of turbulence between a period of confidence in a apparently linear trend-line, and the approach to a total break in what had been felt to be the prevalent trend up to that time. As is typified by the recent eruption of the rising tide of successive Monday demonstrations in the Germany, the world has now entered that intellectual and emotionally turbulent phase of apparent uncertainties which strikes, like the unsettled feeling that separates pleasant weather from the fast-approaching, brutal storm. That is where the world is at the time of the oncoming U.S. Republican Party’s New York nominating convention.

In short, for those who understand history, the great monetary-financial crash of 2004-2005 is already here.

The result we are experiencing in that way, is, that nearly nine years after I first presented publicly what I have called my “Triple Curve,” in a January 1996 Presidential campaign address, the conflict between the world’s monetary-financial system and the real, physical economy, has reached a state of hyperinstability, a point at which the combined system can no longer continue to exist in its present form.

The only option for survival available to sections of the world such as the U.S.A. and western and central Europe today, is to put the IMF’s and World Bank’s sick-sick-sick, hopelessly rotten present monetary-financial system into government-managed bankruptcy reorganization, and take measures echoing those precedents, established by U.S. President Franklin D. Roosevelt, which both saved the U.S. economy, and brought war-ruined western Europe, and elsewhere, into the post-war economic recovery which was aborted by relevant policy changes in practice introduced during the 1964-1968 interval.

The Lesson of the Triple Curve

Recall the image which I presented publicly in January 1996, and compare that with the updated image I introduced during my 2004 campaign for the Democratic Party’s Presidential nomination (**Figures 6a and 6b**). In the first of these two pedagogical figures, which I had composed in late 1995 as part of a report submitted to a Vatican conference, I defined three interacting factors to be considered. First, the accelerating decline of the physical economy. Second, the accelerating

14. Cf. *Riemanns Werke*, “Ueber die Fortpflanzung ebener Luftwellen von endlicher Schwingungsweite,” pp. 157-178. This paper has much broader implications than simply as Riemann’s original discovery of the mathematical-physical principle of the sonic boom. As I emphasized at the close of the 1970s, and later, it provides deeper insight into the way in which a general financial collapse, such as the present one, may occur. At my prompting, an English translation of this Riemann paper was produced by the Fusion Energy Foundation.

FIGURE 6A

A Typical Collapse Function

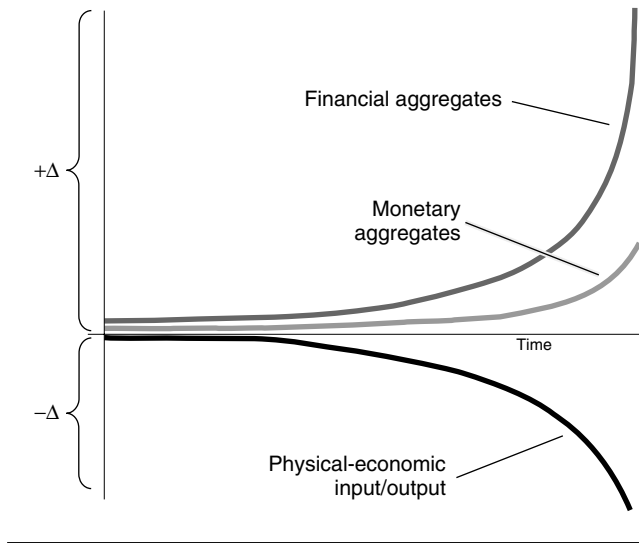
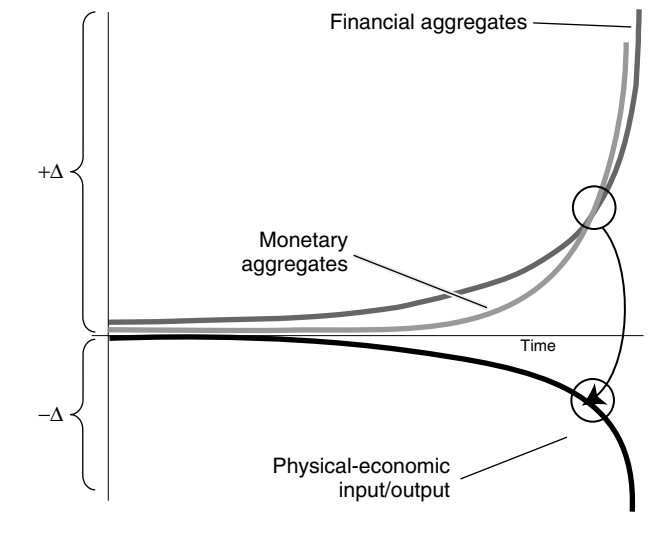


FIGURE 6B

The Collapse Reaches a Critical Point of Instability



“It has been the relative discontinuities of these three trends (physical economy, financial expansion, and monetary expansion), which have defined the systemic character of an approaching world monetary-financial crisis since, actually, the world monetary reforms of 1971, 1972, and 1975, and in qualitatively more advanced expressions following the 1979 appointment of Paul Volcker as Federal Reserve Chairman.”

expansion of financial aggregates, and, third, an expansion sustained by accelerating monetary emission.

In the second of the figures (Figure 6b) published widely during the period of the 2004 pre-Presidential campaign, I emphasized that the rate of generation of monetary aggregate was overtaking the rate of generation of apparent financial aggregate. The 2000 partial collapse of the IT financial bubble, typified the reality that a more advanced state of degeneration of the world’s monetary-financial system had been entered. It is the latter configuration of interacting trends, which describes the conditions for that general breakdown-crisis of the world economy which is in an advanced state of maturity at this present time.

It has been the relative discontinuities of these three trends (physical economy, financial expansion, and monetary expansion), which have defined the systemic character of an approaching world monetary-financial crisis since, actually, the world monetary reforms of 1971, 1972, and 1975, and in qualitatively more advanced expressions following the 1979 appointment of Paul Volcker as Federal Reserve Chairman.

So, when we survey the U.S. economy over the 1964-2004 interval, we see what has become a cumulatively awesome amount of accelerating, long-term trend of attrition in all physical factors of an economy which has been transformed from the world’s leading producer nation, into a dying and decadent, “post-industrial,” entertainment society. Once all of the mumbo-jumbo about the miracles of “information soci-

ety,” or what-not, is put in its proper perspective, as essentially irrelevant, look at the massive net deterioration in the physical condition of the whole U.S. economy, and all of its people, especially during the decades since that 1971-72 change to a “floating-exchange-rate monetary-financial system,” which was launched, at the prompting of Nixon advisors George Shultz, Paul Volcker, and Henry A. Kissinger, under President Richard Nixon. We witness, since then, an already-accelerating rate of net physical collapse which was accelerated still more by the savage measures launched under the Trilateral Commission’s Carter Administration czar Zbigniew Brzezinski.

When we put aside all of the trimmings of monetarist mumbo-jumbo and double-talk used by the spin-doctors of our contemporary academic Laputa, and look at the hard physical-economic facts, we have been a sick, sick, sick, and sicker nation, a nation presently at the fag-end of its options for continuing in this way.

As I have already emphasized these features of the physical-economic landscape, if we then seek to explain the increasing physical impoverishment among the lower eighty percentile of our family-income brackets, and the virtual financial bankruptcy ripe to break out among the upper twenty percentile—on the moment Federal Reserve Chairman Alan Greenspan’s real-estate-mortgage bubble pops, for example, it is clear that the widely publicized financial data is wildly fraudulent. Yet at the same time, even the financial sector tells

us something, especially when we look at both the financial debt carried by persons and economic entities, and also the much vaster, never-payable debt used in areas such as financial derivatives, to create the fictitious assets used to create a desperately fraudulent image of financial growth. Look carefully at these efforts to conceal the onrushing underlying deep bankruptcy of most firms and households.

4.1 Managing a Recovery

Strip away the cooked books and the money-figures generally, and look at the physical realities. Even a rule-of-thumb glance at the changes in physical realities for all of the territory and population during approximately thirty years, shows us a sick physical economy, now at the brink of threatening to actually die, unless we suddenly change our ways.

The most conspicuous chunk of the physical-economic collapse, has been the outcome of cutting government and related budgets in ways which have run down basic economic infrastructure at the Federal, state, and local level over the past three decades. This has been done largely by cutting relevant programs, or simply treating as a “tax saving” the money which should have been spent to prevent essential facilities from turning into garbage. The political principle appears to have been: “We must, after all, balance our budgets, if not our minds.” The evidence in this quarter is, that we did not “save” by cutting back on these budgets; rather, we lost an essential limb of our nation’s economic life, like selling off the herds to save the land we leave idle and wasted in that way.

Look at our water-management systems: Federal, state, and private, on which the maintenance of the conditions of life depends. We save in the budgets, but we lose more and more of the essential limbs on which our nation walks. Look at the national railway system. Look at the number of hospital beds available. Look at the collapsing infrastructure of our national system of generation and distribution of power. Look at the map of the nation; see what essential wealth has disappeared from the landscape in this way.

Do we make the economy more efficient, by substituting trucking for inter-city, inter-state rail? Only by making rail so very inefficient, that we have no option but to jam our highways with desperately underpaid truck-drivers, and turning our rush-hour superhighways into virtual parking-lots. Do we make life better, firms, cities, and states, more efficient, by allowing Enron-like swindles, which loot the consumers of power, loot and destroy the existing generating and distribution networks, and drive the price of power up to the point of triggering chain-reaction collapses in economy through power shortages, unreliability of delivery, and prices which bankrupt the cities, states, and consumers?

Look at the fools we have become, by “outsourcing.” We propose to save the cost of our nation’s consumption, by eliminating the farms and factories which used to employ the people, and to support the local communities. We political

geniuses have done this to ourselves, as a result of the stated intention to lower the price (and quality) of purchases we intend should be made by the people we have prudently dropped from the payroll, and to bankrupt the profitable, tax-paying firms which have been put out of business in this way. If we were not lunatic enough to do this to ourselves, we voted for a lunatic for Congress, or some kindred post, who would do it to us anyway.

Overall, we have a vast loss of essential basic economic infrastructure. We have lost essential industries, in a way which transforms vast areas of the nation as if an invading enemy has come in, like a locust-horde of carpetbaggers, and hauled away most of those things we needed to produce a living for ourselves.

Who could have been the invading enemy, who did this to us? Who drove us insane in this way?

Much of this ruin of our nation and of most of our people we did by legislation enacted in the Congress or in the state legislatures. Imagine the spy from outer space, writing his report to back home: “Americans are insane! Don’t come here; we might contract the disease that has made them mad.”

A lesson copied from some of those fundamentals of modern physics practice, to which we have referred in earlier parts of this report, will help answer these kinds of questions. A few crucial observations on the matter of relevant principles of physical science are needed, and supplied to situate the description of the method of reporting used in the indicated forthcoming series of reports.

Since we can no longer trust the kinds of financial and related methods of accounting used during the recent thirty-odd years, how shall we direct and monitor the urgently needed economic recovery? How shall we measure performance?

What Must We Measure?

The problem on which to focus attention at this immediate point, is to make clear the difference between assuming that the real-life connection between two dots is linear, and recognizing that what is to be adduced is precisely that “non-linear” action which actually causes the transformation of the system from a prior to subsequent state. Only very foolish people choose to hike the shortest distance between the opposite sides of Antarctica. This matter, of “connecting the statistical dots,” demands correction by mastering the challenge of animation.

Take a lesson from Johannes Kepler’s uniquely original discovery of universal gravitation, and contrast Kepler’s genius with the foolish idea of the Galileo Galilei, who attempted to plagiarize Kepler’s discoveries.¹⁵ Galileo’s igno-

15. Kepler had a correspondence, on the subject of music, with Galileo’s father. The hoaxster Galileo Galilei himself, the son, was in service as a lackey to his master, Paolo Sarpi, and was the teacher of Thomas Hobbes.

rance of the principles of competent scientific practice, was exposed by his effort to use the nonsense-notion of linear “action at a distance” to explain away the crucially determining feature of Kepler’s discovery of the intrinsically “non-linear” determination of the relationship known as gravitation.

As I shall show, immediately below, this example points directly to the importance of the use of animation, rather than static comparison of a succession of cross-sectional statistical data, as a way of conveying *the principles of action* of economics, and the correct use of relative short-term data to effect comparative performance of national economies on the larger scale. Linear comparison of simple data, as in trend-lines, at successive points, is equivalent to the pseudo-scientific method associated with “action at a distance.”¹⁶ Animation is a notion of continuing action which is often not linear, in progress during “the interval between the dots,” rather than mere distance traversed. When this distinction is properly understood, as its application designed, and properly used, it is a way of circumventing some of the worst of those tendencies toward reading the corrupting fiction of “action at a distance” into statistical reporting.¹⁷

In contrast to appropriate methods of animation, Galileo’s crude, but widely imitated blunder, was to presume that motion must be measured as action-at-a-distance between bodies in empty space. We, today, would emphasize that actions reflected by the space of sense-perception pertain to a shadow-world, rather than the real world of the Gauss-Riemann complex domain.¹⁸ For us, as for Gottfried Leibniz’s pointing out the folly of the treatment of motion by Descartes, and also the related folly of Galileo, Isaac Newton, et al., causality lies in the real domain, the *physically*, as distinct from *merely formally* complex domain, which reaches beyond the shadow-world of sense-perception.

To understand the nature of this pseudo-scientific blunder of Galileo, Descartes, and empiricists generally, as this blunder applies to the work of the economists, go back again to Kepler’s astronomy. Pause here to review some relevant, important elementary facts about modern European culture’s

16. Competent European scientists were confronted with the need to be convinced of Kepler’s astronomy, in opposition to that of the Newtonian followers of Galileo, when Carl F. Gauss discovered the orbits of the asteroids Ceres and Pallas. Cf. Jonathan Tenenbaum, Bruce Director, “How Gauss Determined the Orbit of Ceres,” *Fidelio*, Summer 1998.

17. It is notably relevant, that this is the issue posed by Kepler which led Gottfried Leibniz to create the infinitesimal calculus, a discovery which led to the Leibniz-Bernouilli discovery of the universal physical principle of least action, which was already implicitly begged by Leibniz’s first (1676) presentation of his original discovery to a Paris printer. A common trick of economists and others today, is to fake their forecasts by resorting to fallacies of composition which selectively, and maliciously exclude relevant categories of data from the composition of their calculated projections.

18. The concept of a Gauss-Riemann domain is presented by Gauss himself in his 1854 habilitation dissertation.

scientific methods, and those of Classical pre-Aristotle Greece.

Kepler’s uniquely original discovery of universal gravitation was associated with a set of phenomena, among which three are sufficient to illustrate the issue of principle involved: a.) that the planetary orbits (e.g., that of Mars) were elliptical; b.) that progress of the planets in their elliptical orbits was not at a linearly uniform rate along the orbital pathway; c.) that the constantly non-constant rate of change of orbital velocity along that pathway, was in correspondence with measurement by observation according to a principle of “equal areas, equal times,” respecting the area defined by the sector marked by the center of rotation at the Sun.

These discoveries were among the central prompting features of the two notable challenges which Kepler left to “future mathematicians”: a.) to define a general theory of elliptical functions; b.) to establish an infinitesimal calculus. The first task was mastered, in essentials, by the work of mathematical physicists from Gauss through Riemann’s work on Abelian functions. The second discovery was produced, uniquely, by Leibniz, as an infinitesimal calculus, and a related system of natural logarithms, with the catenary-linked characteristics of a universal physical principle of least action. This latter was done with some collaboration with Jean Bernouilli.

The related work of Gauss through Riemann, and their collaborators, was based, in turn, on two leading features of the work of Leibniz: his uniquely original conception of an infinitesimal calculus defined by a universal physical principle of least action, and what he defined as *Analysis Situs*. The role of *Analysis Situs*, as developed further by Riemann, is a crucial contribution toward mastering the conceptual challenge of dealing with the notion of physical action within the domain of physically efficient thought-objects. As I shall indicate below, this use of *Analysis Situs* is indispensable for competent economic analysis.¹⁹

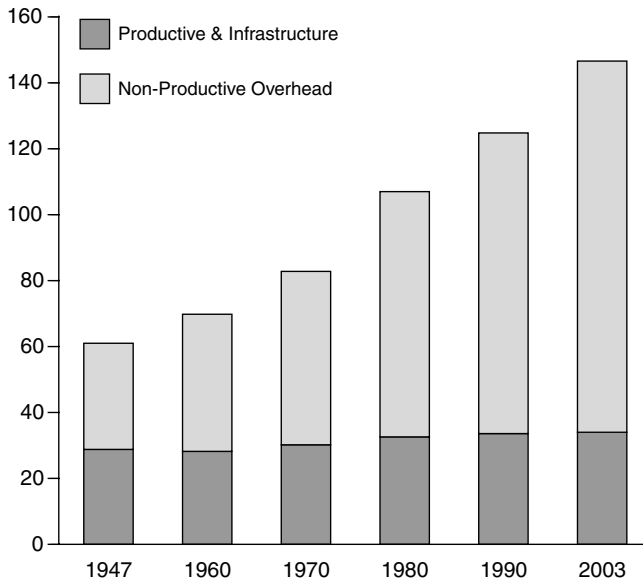
This does not mean that reports supplied to the layman-user present these sophisticated considerations of scientific method to that layman. It does mean that the way in which the crafting of seemingly simple forms of reporting must be governed by an understanding of the practical implications of these deeper principles. The patient needs the treatment he needs to understand; he must be able to take for granted the relevant deeper learning and experience of the physician. It is a very foolish patient who chooses an amateur over a qualified physician, with the excuse: “He must not do anything I could not fully understand.” It were past time that the practice of

19. Cf. G. Leibniz, “Studies in Geometry of Situation,” *Gottfried Wilhelm Leibniz: Philosophical Papers and Letters*, Leroy E. Loemker, ed. (Dordrecht: Kluwer Academic Publishers, 1989), pp. 249-258. See, Bernhard Riemann, “Theorie der Abel’schen Functionen,” in *Bernhard Riemanns Gesammelte Mathematische Werke*, H. Weber, ed. (New York: Dover Publications, 1953), N.B. pp. 88-96. See also, “Fragment aus der *Analysis Situs*,” pp. 479-482.

FIGURE 7a

U.S. Labor Force, 1947-2003: Non-Productive Overhead Grows

(Millions of Workers)

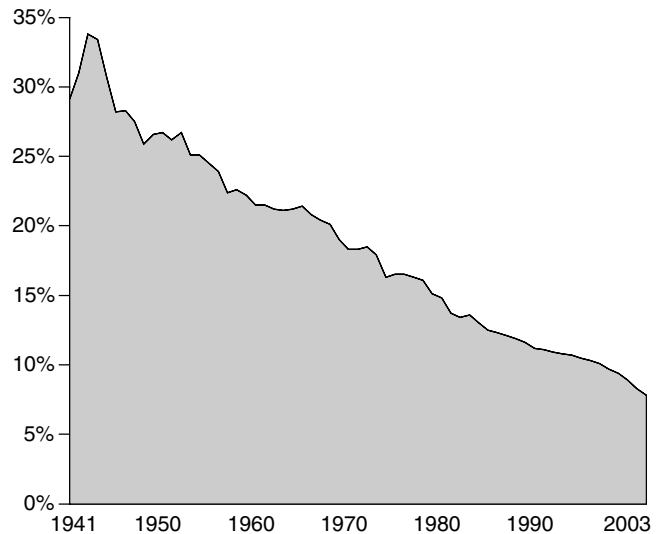


Sources: U.S. Department of Labor, Bureau of Labor Statistics; U.S. National Center for Health Statistics; U.S. National Center for Education Statistics; U.S. Department of Commerce; *EIR*.

FIGURE 7b

U.S. Manufacturing Production Workers as a Percent of Total Labor Force

(Percent)



Sources: U.S. Department of Labor, Bureau of Labor Statistics; U.S. National Center for Health Statistics; U.S. National Center for Education Statistics; U.S. Department of Commerce; *EIR*.

The manufacturing labor force, particularly its most skilled, productive cohort as in the machine-tool industry, is nearing extinction. "We have lost essential industries, in a way which transforms vast areas of the nation as if an invading enemy has come in, like a locust-horde of carpetbaggers, and hauled away most of those things we needed to produce a living for ourselves. Who could have been the invading enemy, who did this to us? Who drove us insane in this way?"

economics went a bit deeper than former Texas Senator Phil Gramm's prescription for a common-sense chat between two bungling amateurs, one of them himself, gossiping in a kitchen.

All of these deeper considerations for both modern astrophysics and physical economy, have their known origins in the leading role of what I have addressed earlier here, as that physical-geometry of spherics which dominated pre-Aristotle Classical Greek physical science. Typical—and also crucial!—is the famous, much-cited aphorism of Heraclitus: *nothing is permanent except change*. Kepler's treatment of the orbital characteristics of the planetary system, is a prime example of that to which Heraclitus referred. The celebrated constructive solution for doubling the cube, by the Pythagorean Archytas, typifies the method of Spherics which the Pythagoreans derived from Egyptian astronomy.²⁰ No linear so-

20. Archytas of the city of Tarantum in Magna Graecia, was associated with Plato at Syracuse. His method of constructive solution, which has been adopted as a pedagogical standard by the LaRouche Youth Movement, has the special distinction of pointing directly to the future Gauss-Riemann complex domain, and, implicitly, to the connection between the complex domain and Leibniz's work on the related subjects of the physical significance of the

lution is possible in this case.²¹ The significance of this, as already shown implicitly by the work of Kepler, is that the Solar System is not organized on the basis of the working assumption of pair-wise relations among bodies in empty space, but rather the pathway of physical least action defined by the larger physical domain within which the motion is situated.

Thus, Kepler writes of an efficient quality of *intention* as moving the planet along its perceived orbital pathway. This use of *intention* is, as he makes clear within the same work, equivalent to the notion of universal physical principle. He refers to God's intention as the continuing, rather than "percussive" source of the motion. By "God's intention," he signifies that he means precisely what I have identified here as universal physical principle.

That said, now consider the motion connecting two successive states of an economic process, taking into account the

catenary (as distinct from the cycloid), and the role of the complex domain in the notion of physical least action.

21. The reported solution by Plato's friend Archytas lies implicitly within the complex domain.

“factors” which I have summarized in the foregoing portion of this section of the report. Now, *intention*, as Kepler employs that notion, assumes an added, specifically human dimension of willful action. This amplified notion of intention then serves as key for understanding the importance of using properly conceived animation, rather than linearized, accounting-style reports, for grasping the essentials of the present economic processes.

The distinction between *the efficiently continuing action of intention* and the merely percussive effect of *opinion*, is crucial. Intention, as used in the English translation of Kepler’s work, signifies a thrust, as distinct from the notion of target associated with mere opinion. In Classical, pre-Aristotle Greek, the notion of *intention* associated with the work of Kepler, has the significance of the exertion of *power*, using “power” in the sense of the Classical pre-Aristotle Greek *dynamis*, as opposed to the mere effect which the inferior intellect, Aristotle, called “energy.”

The way in which the distinction can be portrayed visually is animation: on the condition that this is done with the proper understanding of the principles of efficiently continuing action, which must be made clear.

The example often used in the educational program of the LaRouche Youth Movement, is the case of Archytas’ solution for doubling a cube by methods of construction, rather than arithmetic approximation of the length of the cube’s side, or of the diagonal of the surface of a face, or of the cube as a whole. Once again, as said before, the solution, as reported according to Eudemus, exists ontologically only in the domain of spherics: in fact, ontologically, in the complex domain. I have adopted this pedagogical example, because it not only shows most clearly the significance of Carl Gauss’s exposure of a relevant mathematical hoax by Euler, Lagrange, and others, but shows exactly why we must not be lured into generally accepted methods of classroom mathematics instruction at the secondary and higher levels today.

Thus, even though charts are used in *EIR*’s reporting by help of visual aids, *the crucial points to be emphasized imply the use of a unit of animation, rather than a linear displacement, as a representation of the concept of the action which corresponds to an expressed principle of economic transformation.*

Fortunately, animations, properly constructed, help greatly in telling their own story even to the person with relatively no special mathematical training. Understanding the animation is relatively simple, as our readers will soon agree; designing and constructing it is not so simple.

4.2 The Functional Role of Thought-Objects

For one last time in this report, we must return to look at some “tough stuff.” If we care about the future of our nation, and of our planet, we will accept that challenge.

In the simplest example of the method of representation being employed, we have the following.

For purposes of first-approximation, assume that there

are an unknown number of potential thought-objects, each representing what we might presume, for purposes of approximation, to be a knowable, single universal physical principle in the universe: a *thought-object* strictly defined. Designate this as m potential thought-objects. Assume that we already know a portion of m , represented by n thought-objects. Now, for pedagogical purposes, represent the physical characteristic action within the physical-economic process as a whole by the transformation of n to $n+1$ employed principles (i.e., scientific-technological progress, in fact). The notion of such a transformation of the whole matrix then serves as the intellectual image of the characteristic form of action in the economic process considered. *Nothing is permanent but change.*

For pedagogical reasons, this does not yet take into account here those often assumed principles which are, in fact, not only false, but are irrelevant to matters considered here, which are merely distractions usually included in the assumptions made by even the trained professional specialist.

Our subject then becomes the change in the physical characteristic of the process as a whole, reflected by the introduction of a transition from a domain of n to $n+1$ principles. All physical transformations in the *EIR* reports to be issued will represent that form of action, whether that fact is obvious to the reader, or not. This means, that the connection between two successive states of the economy, implies the addition, or subtraction of some respective number of principles so defined. For example, the decline of the steel industry in the U.S.A., during the 1972-2004 interval, represents an action (a change of intention) of this generalized, indicated, nominal $[n, n\pm 1]$ form.²²

Do not be frightened by the required use of language immediately above. This is a very practical problem arising in any effort to understanding the present U.S. economic crisis.

The addition of an applied new principle to an economy changes the characteristic form and quality of action in the economy as a whole. The economy shifts to a higher state, with the result that all actions, whether changed or not, are more effective because of their association with the active presence and influence of the new technology. The introduction of electrification by Edison and others in the U.S.A. and Germany, is a stunningly appropriate example of this. However, the elimination, or even diminution of use of previously standard technologies, as we see in the collapse of steel production in the U.S.A., has a reverse effect, lowering the productivity of labor throughout the economy as a whole, because of the relative loss of the impact of that technology. (See Figures 1a-d, above.)

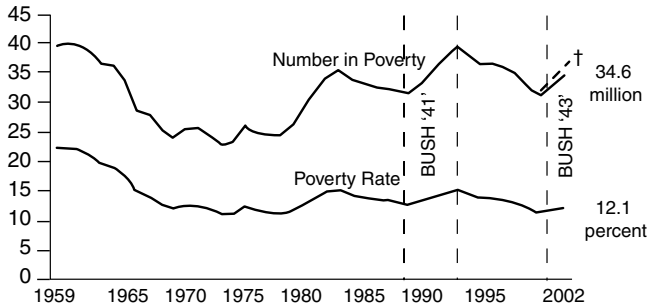
“Gentrification” of Pittsburgh, Pennsylvania, is one of the factors in creating the present economic-financial crisis of the state as a whole. The entire state has been “downshifted” in the general economic direction of the “stone age” by the

22. This is to be read as an illustrative statement of the form of the problem, without suggesting the form of the solution. The solution is, in each case, in the conceptual form of the notion of *Analysis Situs*.

FIGURE 8a

National Number in Poverty and Poverty Rate, 1959-2002

(Number in Millions, Rate in Percent)



* Data points represent midpoints of years shown.

† Dotted line corrected by N.A.S. healthcare cost measure.

Source: U.S. Census Bureau, Current Population Survey 1960-2003; *EIR*.

measures taken as part of the same trend. The loss of the combination of locks and dams over the past forty years, combined with the failure to act on building the NAWAPA water and power system, combined with the failure to develop related management of the Missouri and Upper Mississippi systems, comes now at a terrible price for not only the inhabitants of those regions, but the nation as a whole.

To grasp this idea, virtually every reader of the type which I know to exist, even among the putatively best-educated, does not yet grasp the most essential of the implications of what I have just said.

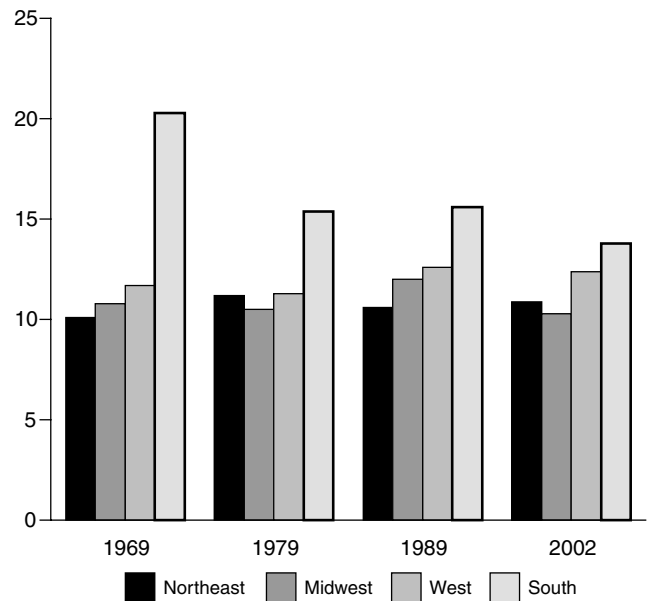
Much of the widespread ignorance of the importance of such examples as I have just presented, reflects profound incompetencies in popular political opinion, incompetencies for which much corruption in university and other scientific instruction has been a most significant contributing factor.

For example, it were sufficient to hear an all too typical mathematician or physicist engaged in a fumbling way, explaining how and why he stubbornly defends Euler and Lagrange against the devastating attack in Gauss's 1799 paper defining the issue of the complex domain. Not only does he not know what he is talking about; he is hysterically committed to prevent himself from discovering what it is he is talking about! He is afraid of the rat-like tendencies among his peers from the ranks of the empiricists and positivists. He has years of investment in his run through the academic rat-mazes in coming to believe that the desired cheese will be delivered in response to his dissertation. That, certainly not the truth, is the immediate issue posed to him by what he regards as the insolent suggestion that Gauss was right about Euler and Lagrange. The problem is not that the argument of Gauss is not understandable; Plato's slave-boy could have understood, sooner or later. Theatetus certainly did. The usual academic's

FIGURE 8b

Poverty Rate by Region, 1969-2002

(Rate in %)



Source: U.S. Census Bureau; *EIR*.

Poverty in the southern states—though the TVA waged a winning war on it in the Tennessee Valley region from the 1930s—remained much worse than in the United States' other regions.

problem is that he desperately wishes not to know. He did not attend university to know the truth, but to make a career. Typical fishbowl-syndrome stuff!

The mental block which tends to prevent even highly educated people from understanding even the ABCs of real economics, is the persistence of the slave-like mentality expressed by such forms of philosophical reductionism as empiricism, such as poor wretched Newton's putting his signature onto a denial of the existence of that principle of method which separates man from the apes: *the principle of hypothesis*.

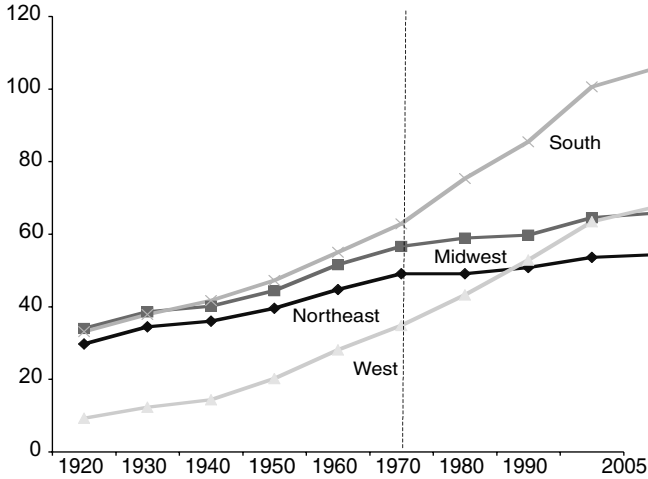
The Newton, or a kindred sort of addle-headed type portrayed by the works attributed to him by his theatrical managers of that time, can think of motion only in terms of objects being hurled through empty space. The proven incompetence, by France's Arago and Fresnel, of Newton's theories of light, expresses this reductionist folly of all of Newton's putative output, as a characteristic of the fanatically reductionist thinking of either Newton himself, or some ghost-writer, such as Hooke, who might also have cooked up that particular folly attributed to Newton's name. This same lunatic assumption is the blind assumption of belief expressed by the way in which most people use, and interpret statistics today.

This brings us back to the subject of thought-objects as

FIGURE 8c

U.S. Regions' Population, 1920-2005*

(Millions)



*2004 and 2005 Projected

Source: U.S. Census Bureau; EIR.

Yet the southern states grew far more rapidly in population than the nation from 1970, showing large internal migration—the “Southern Strategy” moving employment and industry to the lower-wage, poorer South, and then offshore.

such. What is a *universal* physical principle? It means the intention of the scientist, for example, that this is a principle of efficient action in the universe at large, which exists to act in every part of the universe at all times. This, miraculously perhaps, includes the vast empty spaces within Galileo’s and Newton’s alleged thinking. Remember! The thought-object of Riemann has endless extension in space and time; the nature of the hypothesis and experimental proofs involved define that thought-object as embracing universality in space and time. There is no non-physical empty space in our universe, except in the minds of ignorant or, worse, miseducated people.

A remarkable kind of idea, but not some fanciful one!

A Physics Lesson From Theology

To grasp the significance of the way in which this notion of thought-object applies to physical science, look to a Platonic view in Christian theology, to notions such as the concept of “the simultaneity of eternity.” Society has gained access to this concept along the following pathways of investigation.

Man is the only living creature which is capable of both developing a true hypothesis and developing that quality of experimental proof of an hypothesis which defines a universal physical principle. This capacity of man, which prompts his recognition as being in the image of the Creator, is, in a certain

TABLE 1

Former Industrial-Belt Cities Left in Poverty

City	1970 Poverty Rate	2000 Poverty Rate
Pittsburgh	15%	20.4%
Philadelphia	15.1%	22.9%
Erie, Pa.	15.1%	22.9%
Johnstown, Pa.	15.1%	24.6%
Allentown/Bethlehem, Pa.	9.4%	18.5%
Cleveland	17.1%	26.3%
Cincinnati	17.1%	21.9%
Dayton, Oh.	13.7%	23.0%
Toledo	10.7%	17.9%
Youngstown, Oh.	14.1%	24.8%
Akron, Oh.	11.7%	17.5%
Lorain, Oh.	10.2%	17.1%

Source: U.S. Census Bureau

The formerly industrial cities of the Mid-Atlantic and Midwest, since 1970, have been shrunken and left even more impoverished than the southern counties to which many of their workplaces moved. Their poverty rates have worsened since 2000 under Cheney/Bush.

manner of speaking, *infinite*. A discovered principle, by the nature of its discovery and experimental proof, reaches backward and forward in time, and throughout the known universe. This outreach lies in the nature of the principle itself. The transmission of such principles reaches back through preceding generations’ contributions to the development of such knowledge, and radiates without predetermined limits into the cultures of the future. Man’s ability to recognize this distinctive aspect of his own nature, his distinction from the beasts, is one of the synonyms for the term “immortality.”

For all we know thus far, there has been no discovered universal physical principle, discovered by man, which did not exist in the universe beforehand. Man, insofar as we know, does not create new universal principles in what present convention regards as physical science as such. However, man’s new discovery and use of such pre-existing principles, changes the universe. The adoption of such discovered principles, and their appropriate addition to the repertoire of human practice, transforms the universe, by increasing our power within it. So, the Pythagoreans et al. understand man’s discovery of such powers, powers including universal gravitation.

This notion of powers defines the human individual’s intrinsic immortality, as *Genesis* 1 might be read as stating implicitly. The discovery and transmission of these powers by individual persons in society, affords the fragilely mortal individual person an efficient reach into the past and future of all humanity. Such is the beauty and joy of studying all human history, and pre-history, from this vantage-point.

Through reaching out to grasp this sense of immortality,

man escapes the tragic, self-inflicted fate of a Hamlet. This sense of connectedness to past and future generations, in this way, is the natural inclination of the person who has risen to be free in the sense of being able to enjoy the sublime sense of martyrs such as Jeanne d'Arc or the Rev. Martin Luther King, the freedom, not from death, but from the beast-like consequences of death. Whereas a typical Aristotelean or empiricist is, relatively speaking, a human form of cattle. For those who shackle themselves with the role of human cattle, this is not clear; they are imprisoned morally by their own sense of mortality, as Shakespeare's Hamlet was. Thus, it were evident to such a Christian, as this is affirmed by the ritual of Eucharist, that the crucified Christ lives efficiently in the simultaneity of eternity as much as in the flesh. Hence, priests who teach lies should beware!

So, to the degree that the human individual is developed to recognize the implications of being a creature whose primary relations are to a universe of the simultaneity of eternity, he becomes capable of thinking in ways comparable to Plato, Cardinal Nicholas of Cusa, Kepler, and Leibniz. Not only is he capable of thinking in that way, but, his way of thinking about the universe is right, relatively to all reductionist alternatives. For the reductionist, therefore, the idea of a universal physical principle is an object of the senses, not thought. The reductionist's intellectual incapacities are not a short-coming of his nature, but an error inherent in his mistaken, reductionists' choice of adopted nature.

Essentially, in spirit, Kepler would have agreed.

The Dirty View of Earth

So, in the case of Kepler's work, modern physical science could not have progressed, except as the empiricists, who enjoyed the advantage of support from political authorities, stole Kepler's discoveries without admitting the way in which they were produced. As the circles associated with Isaac Newton copied parts of the work of both Kepler, on astronomy, and Leibniz on the calculus, those forgers tried to conceal their plagiarism by seeking to make it appear that these discoveries had been crafted by their method, not the actual method of the discoverer. On that account, they sought to cover their fraud by violently defaming the discoverer.

This is key for understanding the issue between gravity as a determining intention governing the orbits, and the efforts of the plagiarists of Kepler's work to reconcile the fact of the orbits with the notion of action at a distance. A truly universal physical principle operates as an existing universal within the simultaneity of eternity. It is in that way, that the orbit of the planet precedes the planet's motion as following that orbit.

However, contrary to the Aristotle denounced by Philo of Alexandria, the "perfection" of the Creation of the universe is not that of a fixed universe, such that the Creator has rendered himself important forever after by what is built in from the start. It is the ongoing process of Creation which is perfect, which is Leibniz's "best of all possible worlds." And, we are

a part of that process of continuing Creation, a participation which we express by the discovery and realization of discovered universal physical principles. We are, thus, immortal, acting so in past and present, as through our brief excursion into the lesser realm of mortality. The part of the mind which we have, which inhabits, and uses, but is not limited to the biological mind, is able to recognize its relationship to the universe, and is therefore able to know, and also to prove experimentally, that such universal principles are indeed universal within the span of the simultaneity of eternity.

In that sense, a thought-object is the way in which the individual human mind discovers, proves, adopts, and employs the notion called a thought-object, as a kind of intention which has universal extent and powers, including over what naive sense-perception considers "empty space." That comprehension of universal physical principle, as *intention*, is the characteristic feature of the discoveries by Kepler, and was the characteristic feature of the use of the notion of powers by pre-Aristotle Classical forms of Greek science.

Thus, as Riemann did, we are able to adduce the notion of a universal physical principle as a thought-object. Thus, it is no stretch of imagination, but simply competent science, to know that the orbit preceded the motion of the planet within it. This concept is essential to a clear idea of the actual way in which an economy works.

Every competent willful action in an economy, depends upon a forecast of its result. All that investment upon which an economy depends for not only its progress, but its survival, involves a decision based upon a forecast of the consequences of that investment over years to come. We are, by design, a *Promethean* species. We can not predict what will happen (at least, not usually), but we can forecast the range of types of alternative future choices which our actions will tend to promote. We are not "programmed" to react, as a robot could be; we foresee a choice which every robot would have been unable not to overlook. Thus, the planetary orbits show us the intelligence of the Creator, and teach us to follow that example.

For example, the planet is predestined to follow its orbital pathway, with the constantly, infinitesimally changing direction and speed which Kepler's principle of universal gravitation proposes. That orbit exists prior to the Earth's movement in that direction, and in that way. Thus, the principle of universal gravitation is already operating upon the space through which the planet Earth is about to move. It is not the infinitesimal distance between the points along the way, which is determining that action; it is geometry of the Solar System as a whole, acting upon the action occurring at each local point in the system.

That is the conception, by Kepler, which underlies his proposal for the development of what became the infinitesimal calculus discovered and developed by Leibniz. This is why the baldly lying denial of Leibniz's discoveries, as by Leonhard Euler and the Voltaireans generally, permeated the concerns of the leading empiricists of all Europe during the

Eighteenth Century, and far beyond.

On the point at hand. How shall we think about a physical universe which is composed of thought-objects? This is the core of all of the leading contributions of Riemann.

From what I have identified, bearing on that question, in this report thus far, man's physical-economic existence depends upon the progressive practice based upon an accumulation of discoveries of universal physical principles. The discontinued use of one of those principles, sets society as a whole backwards; the addition of a use of principle, sends society forward. Therefore, we must keep the distinction between human actions expressing the discovery of a principle, from human actions based on previous custom. The starting-point for a future science of economy, must therefore be primarily a political-economy of Riemannian manifolds, for which the characteristic form of action, against which all other forms of action are measured, is an upshift in the manifold of universal physical principles reflected in the general economic and related practice of the society as a whole.

That future is now.

That means that, given the hopeless situation for the world's present monetary-financial system, we must free the world's physical economy from the cancer of monetarism, from such expressions of that cancer as "independent central-banking systems," and the present mode of institutions such as the IMF and World Bank. To speak in practical language, we must exploit the occasion of a generalized, presently ongoing collapse of the present world monetary-financial system, to place such systems into receivership in bankruptcy, a receivership for reorganization undertaken by sovereign nation-states, such as the U.S. government itself.

The process of reorganization in state-conducted bankruptcy of existing monetary-financial institutions, must be the practical choice of bringing forth a "Hamiltonian" American System-modelled order from the hulk of the bankrupt system. The primary mission of and among sovereign nation-states participating in this undertaking, must be the rapid application and further development of technologies subsumed by universal physical principles.

In the case of the U.S.A. itself, the Franklin Roosevelt precedent provides a practical guide. We must aim at the rapid transformation of the entire territory of the U.S.A., into a semblance of what it had been, as an economy, prior to the 1964-1968 cultural-paradigm down-shift. The leading edge of this will be large-scale, long-term investment of national credit in basic economic infrastructure. The associated efforts shall be chiefly the stimulation of the creative powers in the private sector as a vendor to the large-scale programs of capital-intensive development of basic economic infrastructure.

The economic studies, pivoted on the pedagogical use of animations, now being launched by *EIR* as a method for analysis of the physical reality of our national, and other present crises, become the economic map of our national territory which should be used as a way of measuring the required performance toward recovery and progress for

times to come. The principle is, that the good we do for a part of the nation, is in itself a benefit to the nation and its posterity as a whole.

Animation As Such

The priorities set for immediate studies, are intended to make clearer to policy-makers, and citizens generally, how our nation has been nearly destroyed over the recent four decades, especially the period of slightly more than three decades. In other words, to expose and to prompt us to despise our ruinous mistakes. To accomplish this, we must take into account each county of the nation, knowing that the progress or retrogression of any part of the nation spills over into the nation as a whole.

We must, in that process, convey the notion of change as progress or retrogression. We must shift the emphasis in accounting practice, from acts as such, to actions which express principled improvements over existing practice. We must emphasize those changes in principles of applied economy which have a "non-linear" impact on localities and the totality of the economy. For these crucial cases, it is not appropriate to show an ordinary sort of statistical trend, but rather something like an image of the planet Earth moving in its characteristic Keplerian orbit.

To paint that needed pedagogical picture, we must accumulate a set of animations, which, subsequently juxtaposed, show the ordinary citizen how crucial changes, expressed by animations, especially implicitly non-linear animations, in his locality are correlated with other changes, expressed by animations, in the same area. We must also show, similarly, by aid of animations, how the nation as a whole functions as an interconnected process from the standpoint of physical economy, rather than monetary-financial systems. It is in the examination of those interconnections that the most significant surprises will catch the attention of the citizen.

Then, by aid of this, we can demonstrate the way in which overriding influence of monetary-financial power has induced the wrecking of our physical economy.

Within this significantly animated portrait of the physical reality of the economy over recent history, we must situate the role of the introduction and use of key new technologies. This aspect of the study must focus upon the individual discoverer and his or her associates in that effort, and upon the exemplary role of the closely-held private enterprise in furthering the introduction, use, and continued development of the new technologies which supply a great and essential part of the technological upshift upon which a successful longer-term economic recovery will depend.

Out of such a process, an important revolutionary improvement in thinking about mankind must tend to emerge. Our culture must learn to think of discoveries of universal physical principle (and of comparable principles of Classical artistic composition), and to learn to despise empiricist mediocrity, as I do.

SCHRÖDER IN A BIND

World Monetary System Has Cracked in Germany Today!

by Lyndon H. LaRouche, Jr.

August 18, 2004

The address delivered today in Berlin by Germany's Chancellor Gerhard Schröder, marks the actual beginning of the collapse of the rotten-ripe world monetary-financial system. This began, a few weeks ago, with seemingly small, easily overlooked events, beginning in a way which is ironically comparable to the way in which the issue of freedom to travel for vacations abroad, triggered the series of events leading quickly to the already inevitable 1989 collapse of the (East) German Democratic Republic (G.D.R.). That irony aside, it is the biggest, most dangerous global monetary-financial crisis in modern world history. It is not something about to happen; it is something already under way, a crisis which can not be stopped unless certain emergency measures which I have prescribed are taken immediately.

The key to the issues posed afresh in Berlin today, is that this is not a Germany crisis. It is a world crisis which chose to erupt, as a world crisis, in Germany today. It is an already erupting world crisis of not only the European and U.S. economies, but a general breakdown crisis of the world's present monetary-financial system. The present IMF-centered system, the floating-exchange-rate system, will not survive the ricocheting global effects of this presently onrushing crisis pouring out of Germany. No part of the world, China included, will escape the fury of this global storm. Thus, what is happening in Berlin today, is predetermining the choice of fate already presented to the U.S.A. now.

Unless the relevant present rules of the European Union, and the system of "globalization," are taken down immediately, nothing will be able to stop the worldwide avalanche

which began four weeks ago, in the German state of Saxony.

I explain.

Technically, the remedies available to the government of Germany were clear. The precedents for the required action by the government were broadly the same specified at a 1931 Berlin meeting of the Friedrich List Gesellschaft by the eminent Dr. Wilhelm Lautenbach. Had Lautenbach's proposal been enacted, Adolf Hitler would not have happened. The measures proposed by Lautenbach then, were broadly identical with the actions taken against the policies of the "American Brüning," President Hoover, by incoming President Franklin Roosevelt. What is happening to Germany today, is most nearly comparable, strategically, to what happened to Germany then.

The problems standing in the way of Chancellor Schröder's appropriate action, were chiefly three. 1) Globalization, which must be repealed in a sweeping way, if not only Germany, but each and all among the nations of Western and Central Europe are to survive the presently onrushing crisis. 2) Those clinically insane policies of the European Union, which stand in the way of the only possible recovery programs which could be launched by any German government at this time. 3) The blackmail of Germany by not only Standard & Poor's threats, but the backing of that blackmail by a concert of international financier oligarchs of the same character and disposition as that Synarchist International which established each and all of the fascist regimes in continental Europe during the interval 1922-45.

Notably, the de facto current U.S. government of Prime Minister Tony Blair-confederate Vice President Dick Cheney, represents a set of ideologies and financier interests



German Chancellor Gerhard Schröder affirmed that the government's Hartz IV austerity package would be implemented "without any changes." He said that he understands people's fears, especially in the east of Germany, but "in many cases, these fears are unjustified." Referring to the growing "Monday demonstrations," he complained that it is unjustified to equate his government to "a dictatorial regime" 15 years ago.

which is essential a carbon-copy of the Synarchist International of the 1922-45 interval, including the Nazi-controlled, U.S.-hating Synarchist party of Mexico's haters of that nation's own President Lázaro Cárdenas. The perpetual, nuclear-enhanced "preventive" war policies of Bush puppet-master Cheney represent currently the cutting political-strategic edge of the fascist threat to nations of continental Europe, as well as the internal affairs of the U.S.A. today.

Against the background of those superseding realities, the tragic feature of today's address by Chancellor Schröder is that he takes upon himself the moral responsibility for the outrageous conditions which a concert of international financier-oligarchical interests have imposed upon his German government and nation. The danger of that is, that the Chancellor will draw upon himself the hatred which, in fact, Germany's current oppressors should receive. There is presently no visible, viable alternative to Chancellor Schröder in Germany. There lies the element of a potential German tragedy now.

Under saner world political conditions, the leading nations of the world would have responded by calling an international, emergency monetary-financial conference, at which they would have combined their authorities and influence to impose a remedy upon the reluctant present world monetary-financial system. For, if Germany goes down into the status of a "failed nation-state," as it might, under these present trends, no part of the world will escape the terrible chain-reaction effects that would bring about.

A collapse of Germany is the unleashing of a chain-reaction which would quickly be the end of stable government in all continental Western and Central Europe, and that, in turn,

is the trigger of an immediate unleashing of a chain-reaction collapse of the entire present world monetary-financial system. The category of "failed states" must therefore be applied, now, to those nations, other than Germany, which allowed the inevitable consequences of the relevant European Union decisions to be unleashed, and to the incompetence of the present Presidency of the U.S.A., in continuing to push global policies which will bring down the highly charged, acutely vulnerable world system now.

The immediately needed decisions are essentially elementary ones. 1) End the tyrannical and destructive European Union rulings, and permit member-states to resume their sovereign right to create long-term capital loans to launch a general recovery of production and employment sufficient to bring Germany, among others, to a state of balance on current accounts of income and expense, as distinct from long-term capital formation. 2) Use this mechanism of state credit to negotiate long-term trade agreements among, especially, the nations of the Eurasian continent. 3) Use the fact of a general breakdown crisis to override all globalization; restore "fair trade" policies, by treaty agreements among nations which take cognizance of the prolonged emergency conditions of the world today; launch large-scale modernized basic economic infrastructure as a leading stimulant of national economy, and give special emphasis on promotion of what is known as the *Mittelstand* in Germany.

There must also be immediate steps toward reaching permanent long-term agreements establishing a return to the principles of the original fixed-exchange-rate Bretton Woods system. There must be overriding recognition, that without a fixed-exchange-rate system, it were impossible to sustain long-term credit at rates of between 1-2% simple interest.

The transition needed will be a politically difficult one, but if we recognize the danger of not taking such measures, then we will find the way to reach the understandings which lead to the kinds of agreements we must make. If we fail to do so, as many of our descendants as manage to survive our generation's great folly, will curse us, as much for what we have failed to, as for what we have done.

If we do not pull Germany out of this, the whole world system will go down in perhaps an increasingly uncontrolled, perhaps uncontrollable fashion. The German government must be afforded the latitude and support to make the changes which will prevent the now threatened disintegration of that crucial nation of the entire world system.

As for the ongoing U.S. general election process, the current events in Germany now, change everything. Unless either the Kerry campaign blows its chances, or the Cheney regime and its puppet Bush resort to orchestrating a fascist takeover through managed terror or related incidents, the Bush Administration's skein will have now run out. That is the problem hotly to be watched, in the reverberations coming out of Berlin today.

Manifesto for the Monday Demonstrations

by Helga Zepp-LaRouche

Issued on Aug. 17 by the chairwoman of the Civil Rights Movement Solidarity (BüSo) party in Germany.

Today, only 15 short years after the historic Monday demonstrations of 1989 which ushered in the end of the German Democratic Republic, demonstrations are once again taking place in many cities across Germany. The immediate trigger has been a protest against extreme injustices mandated by the Hartz 4 law, a law which would plunge millions of so-called long-term unemployed into outright poverty. But Hartz 4 was merely the proverbial last straw. As the Econometric Institute in Halle once again confirmed in August, actual unemployment in Germany is at least 8.6 million, if we include entire categories of people who are not even counted in the official unemployment statistics. That's over 2 million more unemployed than in 1933.

The men and women who suddenly poured onto the streets in many cities in Germany's new eastern states—but also in the west—are doing so because they have perceived something monstrous lurking behind our red-green administration's desperate austerity policy. Exactly what could be driving the Social Democracy, with its deep historical identity as the party of social welfare, to break with its own tradition, and to carry out a destruction of Germany's social-welfare system so brutal, that its local representatives in the current and upcoming elections could never, not in a million years, shove it down the throats of their constituencies? And which is going to result in the SPD's election results plummeting into the single digits, inevitably leading to splits, and the party's total destruction. What can account for this suicidal behavior?

The answer is simple, though not immediately apparent: The SPD leadership, and also the boards of directors of the banks and insurance companies, who only discuss it openly behind closed boardroom doors, know full well that the global financial system is hopelessly bankrupt, and that all endeavors to prevent it from collapsing at least until after the U.S. elections, are a highly risky proposition. But instead of drawing the proper conclusions from this—namely, deciding to put the reorganization of the world financial system, in the tradition of Roosevelt's original Bretton Woods system, at the top of the agenda—the Schröder Administration is attempting to solve the budget deficit by imitating Brüning's austerity policies, doing so at the expense of society's most defenseless members. And despite this, Oskar Lafontaine is completely

on the wrong track with his demand that Chancellor Schröder resign, because the opposition's austerity policy is a good deal more brutal than what we have now. So, the watchword today isn't "Schröder out," but rather: "Schröder must change his policy."

And that means nothing less than this: Schröder must be made to understand that the changes which we need, are far more fundamental than simple-minded austerity measures. Because the crisis now confronting this administration is not simply one of high unemployment. That's merely a symptom of the fact that what we're dealing with, is a collapse of the entire global financial system—not just the the system in Germany, but the entire European Union system, and beyond that, the entire system which is connected with today's globalized economy.

The people who took to the streets in Monday demonstrations, first in Saxony and then in many other parts of Germany, against the horrors of Hartz 4, sensed that something much bigger is at stake than what is being admitted in public. But the behavior of politicians from all parties currently represented in the parliament, speaks volumes about the fact that none of them understands, or will admit, that we're looking at a crisis of the entire European Union system. All their attempts to trivialize the specific problems erupting to the surface with Hartz 4, simply prove the point. Regardless of whether Economics Minister Clement insists that the protests must finally stop; others maintain that the protests are legitimate, but should not occur on Mondays; while yet others vituperate that to speak about Hartz 4 during the state election campaign, is simply a campaign trick; or, they say that participation in the demonstrations can be wished away by pronouncing the right political incantations—all these arguments merely highlight a horrific lack of understanding of the reality now confronting us.

There are historical parallels between today's great economic and financial crisis, and the Great Depression of the 1930s. At that time, there were two alternatives: There was the path which led from Brüning's austerity policy, through von Papen, to Hjalmar Schacht and Hitler, which is what we took in Germany, unfortunately. In America, on the other hand, Franklin Delano Roosevelt countered Hoover, who was likewise following a Brüning-style austerity policy, with his New Deal policy, and led the United States successfully out of the Depression.

Those latter impulses existed in Germany as well: Dr.



The choice for Germans today is of the same character as it was in 1933: the policies of an Adolf Hitler (left), or a Franklin Delano Roosevelt (right).



Wilhelm Lautenbach, the Economics Ministry's chief economist, at a conference of the Friedrich List Society in 1931, proposed his Lautenbach Plan for how the unemployment problem could be conquered through state credit creation for well-defined projects serving the general welfare. And this form of credit generation would not be inflationary, because these productive investments would be creating real capital value, and would also significantly increase tax revenues.

That same impulse was also present within Germany's trade union movement, in the form of the Woytinsky-Tarnow-Baade Plan, which went so far as to propose a reconstruction program on an international scale, and which had the support of the General German Trade Union Alliance (Allgemeine Deutsche Gewerkschaftsbund). Had these plans been implemented in 1931, unemployment would have been eliminated, and the social conditions in 1993 that made Hitler's seizure of power possible, would not have existed. Similarly, the problem with Hartz 4 today, is that the Schröder Administration is repeating the Brüning Administration's mistakes, which, unless reversed, will lead to similar results—or worse.

And just like back then, out of the dynamic of a world economic crisis, the threat is now emerging of a new world war—although this time, it is the imperial policies of the United States and Great Britain in Southwest Asia, which threaten to spark the outbreak of worldwide asymmetrical warfare. And for this reason as well, Schröder should not be toppled, because he took the correct stand against German participation in the Iraq war, whereas his opposition, with a naïveté verging on lunacy, swallowed whole the lies and manipulated threat analyses being fed to them by the neo-conservatives. Indeed, there are very real grounds to fear that a future CDU-led administration would practice that same hasty and blind obedience to the war party in the United States—not to mention the fact that the Herzog Commission

has made it clear that under Frau Merkel, we could expect an even more brutal and more incompetent austerity policy than we have now.

The global financial system is currently in the final throes of a systemic collapse. It is just as unsalvageably bankrupt as the G.D.R. system was in October 1989. And just as the reasons for the collapse of the communist planned economy lay within the system itself—for example, the mechanism of primitive accumulation as described by the Soviet economist Preobrazhensky—so, too, it is with the collapse of the unfettered, neo-liberal free-market economy, and of so-called globalization.

The reasons for this collapse are not to be found in some sort of cyclical boom-and-bust scenario, but rather in the paradigm shift which has taken place within the

G-7 countries over approximately the past 40 years. Beginning in the mid-1960s, the industrialized countries of the West have undergone a systematic transformation, away from a society of producers, into one of consumers. Economic growth, based on scientific and technological progress, has been increasingly supplanted by speculation; in the place of real economics, monetarism has taken over. If we equate the real economy with a person in good health, and speculation with a cancerous growth, then we can say that in the meantime, the world economy is a patient whose body has been almost completely taken over by the cancer. The real economy has increasingly fallen victim to the speculative bubble—and that bubble must continue to grow, or else it will burst.

What developed in Germany's new states following the collapse of communism, first with the bludgeon of privatization as wielded by the Treuhand under the direction of Birgit Breuel, was the idea that the new god was: profit, profit, and more profit. This was the end-product of an ideology that took root in the Western G-7 countries beginning in the mid-1960s. The crucial turning-point away from production, and toward speculation, was President Richard Nixon's abandonment of the fixed exchange-rate system on Aug. 15, 1971. With his action, Nixon ended the old Bretton Woods system, by releasing the dollar from its gold-reserve backing, thereby opening the door for the creation of the so-called eurodollar market. The wave of globalization following the collapse of the Soviet Union was only the final step in this process of ever-expanding destruction of production, and transformation into purely money-based economics.

During the Federal Republic's post-war reconstruction period, it was a point of honor and identity for the entrepreneur of the small to medium-sized industrial firm (*Mittelstand*), to produce products of the best possible quality, and only to take



Demonstrations like this one in Leipzig during the Summer of 1989, eventually grew into the hundreds of thousands, and created the conditions for overthrowing the communist regime of East Germany.

out as much profit as was necessary for sustaining the owner's family, while investing all the rest into innovation and expansion, so that the firm would remain competitive for generations to come, while at the same time, the firm was contributing to improving the general welfare. But now that attitude has changed into its opposite.

Today, one's identity lies not in the production process, but rather in the consumption of the greatest number of products at the lowest price. Our new coin is not highly qualified, well-paying jobs in the domestic market, but rather sweatshop production in the countries of the South, whereby the fact that most of this cheap production is based on sweatshop and child-labor working conditions, is not considered to be relevant. The transformation into a shareholder-value society means the extraction of the maximum of profit—now, immediately, without any consideration given to the long haul. Anyone who still believes that he has to make a living through honest labor or investment into real production, is dismissed as old-fashioned and an idiot; stock trades, speculation in stocks, or in even riskier financial derivatives—“money makes money”—that's the “in” thing nowadays.

This neo-liberal paradigm shift, which we have only briefly sketched here, also has a cultural component. The combination of the ideology of the '60s generation, when the students of the Frankfurt School were all too ready to throw the Classical humanist tradition into the trash, rendered this generation receptive to the rock-drug-sex counterculture. The Brandt educational reforms, which boasted that they had finally succeeded in dumping the educational dead weight of

2,500 years of European cultural achievement, did the rest of the work to help ready the soil for the catastrophic findings of the Pisa Study. And along with ever-dwindling rationality, and ever-shrinking knowledge in the domain of physical science, there also grew a receptiveness for mysticism, and for ideas borrowed from the pre-Christian cult of Gaia. Oligarchical campaigns, deliberately rigged by the Club of Rome and similar institutes, over the ostensible limits to growth, and the danger of overpopulation, did their part in promoting a gradual “greening” of the *Zeitgeist*.

Why is it of life-or-death importance that we understand the effects of this paradigm shift on popular consciousness in Germany? Because that is the only way we will be able to answer the question we put to you at the outset, namely, why the SPD is committing political suicide. Because there is only one way that Chancellor Schröder can get out of his predicament: He must reach back to the SPD's social-democratic tradition; he must use the Kreditanstalt für Wiederaufbau [Reconstruction Finance Agency] as a de facto national bank, to make approximately 200 billion euros in government credit available annually; and, by absolute support for scientific and technological progress, he must see to it, that Germany's economy takes its place once again among the top producers on the world market. If the SPD fails to act decisively to reverse the slide into neo-liberalism and ecologism, then it will be doomed to continue along its course into political suicide, until it has destroyed itself entirely.

The reality is that very soon, the worldwide financial system is going to be rocked by immense shocks, which will

make the bankruptcy of the pyramid firms in Albania in 1997 seem like child's play in comparison. You might recall that these firms, which the government had encouraged the population to invest their savings into, on promises of double-digit interest earnings, suddenly announced that they were bankrupt. The banks closed their doors, and the population, who saw themselves tricked out of their life savings, began to riot, plundering grocery stores, but also arms depots; and the police and the army plundered right along with them. It was a long time before the country got back to normal, with the assistance of the Italian Army.

Just how close we are to just such an explosion, on a far, far greater scale, is indicated by the price of oil, which has been climbing, more or less continuously, for the past six months, such that today the price is twice as high as its equilibrium price should be, even from the standpoint of today's economy. The Deutsche Bank's global energy strategist Adam Sieminski has warned repeatedly, that the oil price

could easily go up to \$100 a barrel—which, unfortunately, is already on the immediate horizon, given the increasing military tensions in Southwest Asia, and the prospect of an expansion of military operations against Iran. Even an oil price of \$50 to \$60 could well be the detonator for exploding the entire world financial system.

In the pressure of the moment, during such an “Albanian” shock, everything will depend upon whether the government is ready to stand behind the motto “People first!” The government must see to it, that salaries, pensions, and social-support benefits are paid, that small personal savings accounts are protected, that hospitals and old-age homes receive their supplies, and so forth. And at that moment of acute financial collapse, it is only the government which can coordinate those functions.

Such an emergency intervention, whereby the people's needs are set above all other considerations, is the diametric opposite of the kind of emergency measures under which a

Necessity for A National Debate

Because the global economic and financial crisis will certainly come to a dramatic head in the short term, it is urgently necessary that representatives of different organizations and institutions, who are participating in the protest against Hartz 4, come to an understanding as quickly as possible about the principles of a positive alternative to the austerity policy. This could occur in the form of a round-table discussion. Here are only some of the aforementioned indispensable principles, about which clarity must be established as quickly as possible.

1. The aim of the demonstrations is not to overthrow the government, but rather, to fundamentally alter its economic policy.

2. Since the strategic context of the Hartz 4 policy is the total breakdown crisis of the global world financial system, a solution within the system of flexible exchange rates is not possible, and a return to a fixed exchange rate is indispensable.

3. Any Federal budget-driven austerity policy in the tradition of Brüning only makes the problem worse, because the real problem of creation of full, productive employment is not being addressed.

4. In the event of a dramatic collapse of the international financial system, which is to be expected, certain emergency measures must be taken by the government,

based on the principle that the people's interests must come first. Therefore adequate time must be allowed so that the necessary negotiations for a New Bretton Woods System can be conducted on an international level.

5. Based on the real world situation, everything conceivable must be undertaken to influence the U.S.A. so that it return to a system of fixed exchange rates, and to a policy in the tradition of Franklin D. Roosevelt. With our European neighbors we must adhere to the idea of a common Europe, yet of a Europe of nations which are sovereign republics.

6. In Germany we need the immediate creation of 200 billion euros in productive credit per year through the Kreditanstalt für Wiederaufbau, in order to invest in modern infrastructure, such as the development of Transrapid lines as part of the Eurasian Land-Bridge. At the same time, the new industrialization of the new Federal states, whose industrial potential after 1990-91 has been dismantled through the policy of reckless, sweeping privatization, must be a priority, so that these states can satisfy their function as bridgeheads in the development of the Eurasian Land-Bridge.

7. We must be connected with the great tradition of our Classical culture, to the music of Bach, Haydn, Mozart, Beethoven, and Schubert, to the works of Lessing, Mendelssohn, and Schiller, to the scientific tradition of Leibniz, Kästner, Gauss, Riemann, and Cantor, and to the theoretical ideas of statecraft of vom Stein, von Humboldt, and List, to name only some. Only thus can we mobilize in ourselves, and in the population, the moral greatness and sublimity of thought, which we need to overcome this crisis.



The BüSo's Leipzig demonstrations have sparked a national movement, and could grow even larger in the near future. Here, the Aug. 9 march of the LaRouche Youth under the banner, "In Saxony, Industry Must Grow."

policy in the tradition of Hjalmar Schacht is implemented, in the interests of saving the international financial system. Under a Schachtian policy, the goal is to drastically reduce the population's standard of living, in order, somehow, to maintain the nominal value of the banks' financial paper. Whereas with our opposite policy, in the interests of the people, emergency measures are merely temporary, urgent measures, to be immediately replaced by a comprehensive reconstruction program, on the model of Roosevelt's New Deal, and of the post-1945 Kreditanstalt für Wiederaufbau.

American Versus English System

In 1990, I warned in a series of leaflets and talks, that within only a few years, there would be a much more serious collapse, if the communist economic system were simply painted over with the equally bankrupt free-market economy system. I argued that it was necessary to apply the principles of physical economy, as developed by Leibniz, via America's first Treasury Secretary Alexander Hamilton, by Friedrich List, by Mathew Carey and his son Henry, Lincoln's advisor, by Count Witte, and by Lyndon LaRouche. The study of the principles of physical economy is indeed one of the most important tasks for anyone who wants to make a serious contribution to solving the economic crisis.

In his treatise on American political economy, the German national-economist Friedrich List—who, among other things, founded the Tariff Union (Zollverein), but who also built the railway line running between Leipzig and Dresden, spent many years in the United States, and in 1833, became American Consul in Leipzig—drew the fundamental distinction between the American system (physical economy) and the English system (free trade). Since the economic systems of both the United States and Great Britain today are totally on the side of globalization, and what List described as the

English system, and since this distinction is not easy to see nowadays, let us quote from List himself:

"American national-economy and English national-economy are, in keeping with the different situations of those two nations, utterly distinct from one another. The aim of English national-economy is to manufacture for the entire world, to monopolize all manufacturing—even at the expense of the lives of the [English] citizen—around the world, and especially to keep its own colonies in a state of perpetual childhood and slavery, through political-control measures, and through the superiority of English capital, English experts, and the English fleet. The aim of American national-economy, is to bring the three branches of economy into harmonious union, since without this, no national economy can attain completeness. Its goal is to meet its own needs with the aid of its own raw materials and its own industry, to populate an unsettled country, to attract foreign immigrants, foreign capital, and foreign skills, as well as to increase its power and its means of self-defense, in order to secure its independence and the nation's future growth. Its ultimate goal is to be free, independent, and powerful, and to enjoy every other freedom, power, and prosperity as it pleases.

"English national-economy seeks to *dominate*; American national-economy strives only to become *independent*. Since there is no similarity between the two systems, there is likewise no similarity between the results arising from these systems."

Even if the specific relationship between America and England during List's time is different than today, the basic distinction which List makes between the American system of physical economy, and the English system of unfettered free-market economy, is quite applicable to the current situation in the new Federal states. Because the policy of privatization at any price, as it has been practiced by the Treuhand ever since the murder of Rohwedder, has in fact resulted in these

states being kept in a state of perpetual infancy, slavery, and domination. The only intent behind this economic denuding of the eastern states, has been to dominate all the former Comecon countries, through a system of globalization—or, put another way, to incorporate them into the Anglo-American neo-liberal empire.

One of the excuses most widely bandied about to explain away the economic misery of the eastern states, was that people had no experience in how to transform a formerly communist country into a market-oriented one. But that is a barefaced lie, because in reality, the Kohl Administration utterly capitulated to geopolitical pressure from the circles of George Bush, Sr., Margaret Thatcher, and François Mitterrand, who, among other things, wanted to use an over-hasty currency union to prevent the emergence of a unified and economically powerful Germany.

There did indeed exist one idea back then, about how the east could be built up and modernized with a kind of Marshall Plan, by bringing in and upgrading whatever industrial capacity was already available in the east. That was the program developed by my husband, Lyndon LaRouche, and proposed by me, for a Paris-Berlin-Vienna Productive Triangle, which envisioned economically developing the east of Germany, and of Europe, with modern infrastructure and “development corridors.” This program was based on the principles of physical economy, otherwise known as the American System. It is the program which, after 15 years of so-called free market economy, still today represents the solution to how the east can, and must, be developed.

The Source of Social Wealth

A society’s wealth comes neither from the ownership of land and raw materials, nor from the right to buy cheap and to sell dear.

Rather, its source lies exclusively in man’s cognitive nature, which distinguishes him from all other living creatures. It is man’s capacity to repeatedly generate hypotheses concerning the laws of the physical universe—hypotheses which, if they are adequate, lead to technological progress. If these qualitative breakthroughs are then forged into new technologies and applied to the process of production, the result is an increase in the productivity of labor, and in industrial capacity, and the creation of surplus value.

This cognitive nature of man is the reason why, uniquely among all living creatures, man can improve the physical basis of his own existence, and can repeatedly increase his species’ relative potential population density. Scientific and technological progress, however, is not optional; it is necessary, because at every stage of man’s development, his resources are relatively limited, and unless those resources are defined anew by higher levels of technology, there would be an ecological and demographic collapse—as has, in fact, frequently occurred in the course of human history, as we can study this in museums displaying the remains of collapsed cultures and civilizations which failed to produce the required

qualitative progress before it was too late. It is this cognitive faculty of man, which is responsible for the fact that over the past 20,000 years, our species’ population potential has increased from approximately 10 million, to about 6 billion living souls today.

Once it is understood that this creative feature of human reason is the sole source of social wealth, then it is incumbent upon governments which are committed to the general welfare, to do everything to develop this cognitive faculty of all of their citizens, in the best possible way. That is the litmus test.

If, on the other hand, one maintains that man’s potential is limited by a combination of genetic material and educational influences from infancy until puberty, and that therefore, there’s no need to invest much in education, since everything is predetermined anyway—as Angela Merkel’s favorite birthday speaker and crooner, Wolf Singer, likes to remark*—then this is the mark of an extremely oligarchical mind-set, if not something still worse. Flashbacks to the Nazis’ eugenics policy come to mind.

If our free will is predetermined by neurological processes taking place long before the conscious part of our mind swings into action, then man would in fact be a slave to some sort of arbitrary, materialist laws—call it Calvin, or dialectical materialism, or what you will—and thus, man would be incapable of changing either himself, or his world. And for whom, we must ask, would such an idea be most useful? Why, naturally, for those who currently hold the reins of power, and who have no interest in changing anything—and I’m *not* talking here about governments.

Every human being has a potentially unlimited potential, and whether he can develop at least an approximation of that full potential, depends not least on whether, as a child or a young person, he or she was fortunate enough to have met other people who ignited their spark of creativity within—be it an elder family member, a teacher, or a friend. It also depends on whether the person has the opportunity to acquire a good education in the Humboldt sense—i.e., being able to relive the qualitative discoveries of others, in science and in art. And the more that a person can develop in this way, the better able he is to live a fulfilling life, and the more productive he can be, and the more he contributes to social wealth.

For this reason, too, Hartz 4 is based on an axiomatic fallacy. Because the whole idea that an unemployed person must accept any and every job offer, regardless of whether he is over-qualified or qualified in a different field—that alone means a lowering of his productivity, not to mention the fact that this legislation is in violation of the right to freely choose one’s profession, and the right to personal freedom. The solution is not job creation at any cost, and reduction in the employee’s productivity; rather, the solution is to create new, and ever more productive jobs.

* Barely translatable pun on Merkel’s name: *bemerken* (to remark) is altered to read: *bemerkeln*.—translator

Buildup of Germany's 'Monday Demonstrations'

June 27, 2004: The Social Democratic Party (SPD) of Chancellor Schröder suffered heavy losses in municipal elections in Thuringia (varying from 24.4-15.6%).

The BüSo party, headed by Helga Zepp-LaRouche, announced plans to intervene in Sept. 19 state elections in Saxony, bolstered by some 50 LaRouche Youth Movement (LYM) organizers from all over Europe.

July 1: The SPD government and party leadership declared full commitment to the Hartz IV legislation, the deepest austerity cuts since the foundation of the Federal Republic in 1949. The only historical precedent for such cuts were the measures implemented in the 1920s and 1930s by German Reichsbank president Hjalmar Schacht, Hitler's financier.

July 2: Berlin parliament voted for Hartz IV measures. Hartz IV threatens to lower living standards of up to 4.5 million Germans and their families—2.3 million long-term unemployed and 2.2 million welfare recipients. This includes 1.5 million children and youth.

July 4: Zepp-LaRouche issued the first leaflet for the Saxony intervention: "This time, the change will come from Saxony! *In Sachsen muss die Wirtschaft wachsen!* ["The economy must grow in Saxony"]. The state elections in Saxony can and must become the strategic change of direction in economic policies, not only for Germany, but for the whole of Europe! . . . Because the EU policy with its Stability Pact and Treaty of Maastricht, and the Hartz IV policy of the Berlin government, fully supported by the opposition, is economically insane and criminal in social terms." The leaflet called for full productive employment, through implementation of the Eurasian Land-Bridge program. Zepp-LaRouche called for a revival of the historic "Monday demonstrations." BüSo demos were announced for every Monday, in Leipzig. A first run of 100,000 copies of the leaflets was circulated, followed by 200,000 copies during the month of August.

July 6: The latest jobless figures for Saxony were 385,482 for the month of June, or 17.4%. Of these, 180,294 were long-term unemployed. About half of the Saxonian construction workers were without a job. Despite official statistics, real joblessness in Saxony was already above 20%.

July 8: Panic was reported among the Saxonian Christian Democratic Union (CDU), about losing the state elections on Sept. 19. The CDU announced a debt-cancellation program for Saxonian municipalities, in the range of 200 million euros, which allowed municipalities to drop infrastructure investments in favor of welfare payments.

Saxonian media reported that 80 million euros less will be spent on hospital construction, 50 million less for schools, 35 million less for road construction and maintenance. Additional cuts on the state level were expected to be around 300 million euros, resulting in the firing of 8,000 public servants.

July 13: The Court of Justice of the European Commission in Luxemburg decided that an earlier decision by the French and German finance ministers to overrule the Maastricht rules limiting annual budget deficits to 3% of GNP cannot be allowed. Monetarist spokesmen feared undermining of the Maastricht Stability Pact.

July 14: In a nationally televised address, French President Jacques Chirac attacked the Stability Pact as "too brutal," and charged that the European Central Bank had an "obsession" with price stability.

July 14: *Neue Solidarität*, the weekly of the LaRouche movement in Germany, published a leaflet by Zepp-LaRouche, which included a proposal to "create millions of jobs through infrastructure development, using the Eurasian Land-Bridge as the motor of a worldwide recovery." The paper's headline read: "We Want a New Deal for Europe—No to Hartz IV."

Mid-July: Saxony Governor Georg Milbradt (CDU) reportedly met Milton Friedman in California.

July 15: BüSo in Saxony filed a state-wide slate of 26 candidates, plus 21 direct candidates in local districts.

July 19: 25 demonstrators joined the 45 LYM organizers in a march in Leipzig.

July 26: Some 160 demonstrators were in the BüSo march in Dresden.

July 28: The Party of Democratic Socialism (PDS) of Saxony failed to file several candidates, including in two Leipzig districts, for the Sept. 19 state elections. The Leipzig PDS leadership had earlier claimed that no Monday demonstrations should be held in August, because of vacations. In the last Saxony elections, the PDS was the second biggest party in the state.

Aug. 2: 350 people joined the BüSo demonstration in Leipzig, and more than 5,000 demonstrated in Magdeburg (Saxony-Anhalt), 1,500 in Dessau, several hundred in Erfurt, Suhl, Nordhausen, Dresden, Senftenberg, Köthen. Demonstrations were announced for the following week in Gera, Jena, Pössa, Schwerin, Neubrandenburg, Spremberg, Finsterwalde, and Lauchhammer. These demonstrations were organized by several organizations, including the trade unions, the PDS, jobless workers' initiatives, social organizations, and church circles.

Aug. 4: The German internet news site of Yahoo wrote: "Meanwhile, the Bürgerrechtsbewegung Solidarität (BüSo) thinks in global and even cosmic perspectives. With the development of the 'Eurasian Land-Bridge,' the party designs an east-west concept, whereas the proposal that there should be longterm German participation in space travel project, points from Earth to outer space."

Aug. 5: Christian Führer, priest at the Leipzig Nikolai Church, where the initial demonstrations had started in 1989, told *Berliner Zeitung* that new Monday rallies “make a lot of sense, as people feel powerless against the drastic social build-down. . . . We need a second part of the peaceful revolution, to restore the inner peace in Germany.” Other veterans from the 1989 demonstrations call for new Monday demonstrations as well.

German Economics Minister Wolfgang Clement attacked Monday demonstrators in an interview with national radio Deutschlandfunk.

Aug. 5-7: The issue of the Monday demonstrations became the center of controversy among politicians. Representatives of the Greens denounced the demonstrations. Dieter Hundt, president of entrepreneurs’ association BDA, supported Clement. Wolfgang Thierse, President of the Parliament in Berlin, defended the demonstrations, stating that “the sense of justice is stronger among easterners than among westerners,” and people in eastern Germany “have made the experience with peaceful mass protests, when they overthrew the G.D.R. [former communist] regime.” German President Horst Köhler called for cautious introduction of the Hartz IV program, “without unnecessarily provoking people’s fears.”

Aug. 8: BüSo published a program for economic reconstruction of eastern Germany: “This way, the economy in Saxony can grow!”

LYM organizers confronted Saxony Governor Milbradt in a televised debate. Milbradt played down the demonstrations.

Joachim Gauck, director of the state agency for the storage of files of the former East German Ministry of State Security, called the new Monday demonstrations a “wrong idea.” Gauck is closely linked to Council of Cultural Freedom networks in Germany.

Aug. 9: Zepp-LaRouche issued a leaflet denouncing Clement and calling for nationwide demonstrations. There were BüSo Monday demonstrations in Leipzig (8,000), Magdeburg (12,000), and at least 31 other cities.

Saxony Governor Milbradt stated to Deutschlandfunk that “we would, if we were invited, consider taking part” in demonstrations. Zepp-LaRouche invited Milbradt to address the BüSo rally in Leipzig (he didn’t).

Oskar Lafontaine, former SPD chairman, stated in a *Der Spiegel* interview that “things do not work anymore with Schröder.”

Aug. 10: The *Rheinische Post* reported on the Monday demonstrations in eastern Germany, including BüSo’s role in Leipzig, and mentioned Zepp-LaRouche.

Märkische Oder-Zeitung in Frankfurt/Oder reported that “about 500 citizens followed the invitation by the Bürgerrechtsbewegung Solidarität” in Leipzig.

The leipzigfoto.com internet site offered two pictures of BüSo/LYM organizers singing at the Leipzig rallies. The caption reads: “. . . so far, they are not very prominent yet, but



that can change rather rapidly! The Bürgerrechtsbewegung, BüSo, touches the nerve of the nation . . . they stand for a new spirit of solidarity in the tradition of the common good.”

Aug. 11: Chancellor Schröder called an emergency meeting in Berlin, to review the Hartz IV package in the face of the massive protests against it. Invited were the ministers of economics and finance, Wolfgang Clement and Hans Eichel, the head of the Chancellor’s office Frank Walter Steinmeier, and Franz Müntefering, national chairman of the SPD.

The *Frankfurter Allgemeine Zeitung* reported BüSo’s programmatic orientation in the Monday demonstration in Leipzig.

The *New York Times* ran a vicious attack on the people of eastern Germany, as being communist holdovers.

Aug. 11: The *Berliner Tagesspiegel* reported on the Leipzig demonstration.

Andreas Ehrhold, initiator of the first Magdeburg Monday demonstration three weeks before, said “the protests will be continued until Hartz IV is replaced by a policy which creates new jobs.” More demonstrations were announced for Erfurt, Zittau, and Chemnitz, and also in the northern state of Mecklenburg-Prepomerania, in the cities of Greifswald and Stralsund.

Mid-August 2004: German Monday demonstrations inspired forces internationally. Members of the Solidarité et Progrés party in France, sister party of BüSo, started demonstrations in the French sister cities of eastern German communities.

Aug. 16: BüSo demonstration in Leipzig, and demonstra-

tions in about 120 other cities, brought out more than 100,000 demonstrators in total. The biggest demonstrations, in Leipzig and Magdeburg, had 15,000 each; Rostock, Halle, and Dessau had 4-5,000 each.

Aug. 17: Preceding Chancellor Schröder's traditional press conference the next day, Zepp-LaRouche published "Manifesto for the Monday Demonstrations" (see preceding article).

BüSo organized a demonstration in Görlitz, with 200 marchers.

Figaro Economie in France had a full-page article on the Monday demonstrations in Germany, noting that the reforms had "numerous points in common with those initiated in France."

The day before Schröder's press conference, funds and rating agencies threatened to downgrade German government debt to "sovereign junk," unless more social cuts were implemented. Andrew Bosomworth, Vice-President of Pimco (the largest bond-trading fund in the world, since becoming acquired a few years by Munich-based insurer Allianz) demanded that Germany undertake "a number of crucial reforms, mostly in the labor market, tax, and social welfare systems." In Pimco's latest Europe Watch report, Bosomworth claimed that all Germany's economic problems, including its unemployment, originated from its "unsustainable social welfare system" and the failure by the political class to drastically slash Germany's labor and social welfare system.

Aug. 18: Chancellor Schröder held the traditional Summer press conference in Berlin, the half-term review of his government's achievements. He stressed his commitment to the Hartz IV package, to be pushed through now, "without any changes." He attacked the CDU and the PDS for misusing the Monday demonstrations for the formation of an "alliance of obstructionism" against Hartz IV, and he attacked "extremists from all sides" for trying to benefit from the protests. Schröder praised the leadership of the national labor federation DGB for not joining the Monday rallies.

In response to Schröder's address in Berlin, Lyndon H. LaRouche issued a statement: "Schröder in a Bind: The World Monetary System has Cracked in Germany Today!"

Regional DGB leaders in eastern Germany supported the protests.

Sächsische Zeitung in Görlitz covered the demonstrations, quoting the BüSo slogan "In Saxony, the economy must grow," and mentioned the singing by the LYM demonstrators of the "Ode to the Joy" and other songs, some with ironic texts on the present situation. *Vogtland Anzeiger* announced the BüSo demonstration in Plauen and quoted the BüSo leaflet.

Eastern German media reported growing opposition in the CDU ranks, to party chairwoman Angela Merkel's support for Hartz IV, with an increasing number of CDU members joining the demonstrations. Wolfgang Böhmer, Gover-

nor of the state of Saxe-Anhalt, indicated problems with having a serious debate on the genuine problems and interests of eastern Germany with his CDU governor colleagues from western states.

Aug. 19: More demonstrations took place, in Erfurt (Thuringia) with 4,000 citizens; in Neubrandenburg (Mecklenburg-Premomania) with at least 3,000 people; 2,000 in Stralsund; and 1,000 in Greifswald.

In a *Die Welt* interview, CDU Chairwoman Merkel stated full support for the Hartz IV measures, adding that Schröder should go beyond Hartz IV, with deeper cuts.

Hamburg Mayor Ole von Beust (CDU) told CDU critics of the Hartz package, to stop supporting the Monday rallies.

Aug. 20: In an interview with *Saarländische Zeitung*, former CDU party manager Heiner Geissler criticized the pro-Hartz IV policy of CDU Chairwoman Merkel. Geissler said that with Hartz IV, an impoverization process will be launched resembling the situation in the United States. He said the CDU should never have voted for the Hartz IV package.

Aug. 21: A Monday demonstration was announced for Vienna, Austria, by an alliance of largely left-wing organizations, labor unions, and Social Democrats.

Aug. 23: Monday demonstrations took place in 110 German cities, with 70,000 demonstrators reported officially (*EIR* estimated about 100,000). In Leipzig, BüSo/LYM organizers joined the big demonstration, carrying banners demanding "jobs for 8 million people."

BüSo representatives were invited to address demonstrations in Königswusterhausen and in Potsdam (state of Brandenburg).

L'Humanité, the newspaper of the French Communist Party, stated that "Germany is living a hot social Autumn," and added that the German protest movement could be of historical dimensions: "If it continues to grow, it could have the effect of an earthquake which will not leave the political world untouched."

Aug. 24: Chancellor Schröder opened the SPD election campaign in Saxony, was booed in Wittenberg, and eggs were thrown by protesters. In Leipzig, BüSo/LYM organizers intervened into a public event with Schröder, singing "Kanzler Schröder, schläfst du noch?" ("Chancellor Schröder, are you still asleep?"), to the tune of "Frère Jacques." The intervention was filmed by various media.

The French daily *Le Monde* reported on the Aug. 23 demonstrations in Germany.

Aug. 25: German news agency DDP mentioned the BüSo singing intervention at the Leipzig Schröder meeting. Spiegel-online reported that "a group of students was singing "Kanzler Schröder, schläfst du noch?"

Aug. 26: The *Wall Street Journal* covered the Monday demonstrations in Germany: "The likely upshot: An end to further economic restructuring until national elections in two years. . . . That could be bad news for the world economy."

Iraq: Moral Authority Is Greater Than Military Might

by Muriel Mirak-Weissbach and Hussein Askary

Catastrophe loomed over Iraq, as U.S. and allied Iraqi forces moved toward a final showdown against the forces of radical Shi'ite militia leader Moqtadar al-Sadr in the holy city of Najaf. On Aug. 25, when the puppet interim government of Iyad Allawi issued its umpteenth ultimatum for al-Sadr to surrender, or be killed in a storming of the holy Imam Ali shrine, it was thought that only a miracle could avert the impending doom. The "miracle" occurred, in the form of an announcement that Grand Ayatollah Ali Hussein al-Sistani, the highest Shi'ite authority worldwide, was returning to his native Najaf, from London, where he had undergone surgery for a heart problem. The miracle worked.

His London-based aide Hamid al-Khafaf announced that al-Sistani would enter Iraq through Basra, and would continue to Najaf. "Najaf is burning," he said. He called on all Iraqis "to be ready . . . to march on the city of Najaf under the leadership of al-Sistani to save the city." Once he arrived in Basra, where he was greeted by thousands of well-wishers, waving Iraqi flags, the Grand Ayatollah had a statement read out, in which he declared: "We ask all believers to volunteer to go with us to Najaf. I have come for the sake of Najaf and I will stay in Najaf until the crisis ends."

This call was immediately followed by the mobilization of thousands of Iraqis throughout the land, who organized convoys to travel to the holy city. Al-Sistani specified that followers should wait outside the city gates for him to arrive, to lead the march to the shrine.

Al-Sadr's spokesmen endorsed the march, and welcomed al-Sistani's return, saying that the al-Sadr forces were ready to implement all orders from the *Marja* (the spiritual authority). They announced the suspension of military activities in all the areas in southern Iraq which lie along the auto route al-Sistani would take to go from Basra to Najaf.

The Allawi government's response was a token 24-hour cease-fire, during which talks should take place. The U.S. official response was that it would "abide by" the interim government's decisions; but, in reality, U.S. forces and those of the Allawi government were involved in vicious attacks on marchers heading for Najaf. Numerous marchers were shot, and hundreds reportedly died.

Despite these bloody provocations, talks commenced. In discussions with government representatives in Basra, and with al-Sadr in Najaf, al-Sistani spelled out the terms of a

peace proposal aimed at terminating the hostilities, and preventing the outbreak of religious war, were the holy shrine to be stormed. The conditions laid down by al-Sistani were: that both Najaf and the nearby city of Kufa be declared weapons-free zones, and all armed forces—whether U.S. troops, Iraqi security forces, or al-Sadr's Mahdi Army—be removed. Security in the cities should be the responsibility solely of the Iraqi police. And, the government should arrange for compensation for those many who had suffered as a result of the intense fighting over the previous days and weeks. Furthermore, preparations for elections, scheduled for January 2005 at the latest, should begin in earnest.

It was merely a matter of hours, before al-Sistani's spokesman announced that al-Sadr had accepted all the conditions presented. In addition, al-Sistani had arranged for the Iraqis who had marched to the city's gates, to be able to enter the shrine, and, by early the next morning, leave. In this way, the al-Sadr militiamen inside the shrine could mingle with the others and, leaving their weapons behind, exit the mosque.

The Iraqi interim government and the U.S. military had no choice but to accept the miracle. The Allawi government announced that it would grant al-Sadr's forces an amnesty, and also pay compensation for loss of life and property during the recent fighting. Al-Sadr issued a call to his militia to lay down their arms. "To all my brothers in the Mahdi Army," he said, "You should leave Kufa and Najaf without your weapons, along with the peaceful masses."

Who Is Ayatollah al-Sistani?

How could a 73-year-old man with no political mandate, and suffering from a heart ailment, succeed in suspending hostilities which were about to spark all-out religious warfare, not only in Iraq, but, potentially, worldwide? Although press reports continue to speak of the Ayatollah as "the highest Shi'ite cleric in Iraq," the fact is, he is the supreme religious authority for all Shi'ites throughout the world. He is revered as well by Sunni Muslims, and has the respect of all Iraqis. Contrary to press spin, which has portrayed his return to Iraq as a move to regain political leadership which the young al-Sadr had allegedly robbed him of, al-Sistani is not a political figure. Nor has his authority ever been threatened by al-Sadr's radical militia.

The power of al-Sistani lies in his position as a supreme religious leader, whose authority is moral, not military or political. At the same time, were he to issue a *fatwa*, or religious edict, for example, calling on all to engage in military resistance against the occupation and its puppets, there is no question but that it would be implemented. The fact that masses of Iraqis took to the streets, to make their way to Najaf, on his bidding, demonstrates the nature and dimensions of his authority.

This power has been displayed several times, since the war and invasion of Iraq. Most significant was the mass mobilization he called, when it became clear that the U.S. occupying powers under Paul Bremer, had no intentions of organizing elections. Al-Sistani mobilized a mass demonstration, which forced Bremer et al. to set a date for elections. And, it was al-Sistani who succeeded in engaging the United Nations in the process which should lead to elections. It was he who intervened in late May, to put an end to the conflict between the al-Sadr forces and the occupation.

The Grand Ayatollah's position since the invasion has been principled and unwavering: While rejecting both the occupation and the puppet Iraqi Governing Council, and its successor, the interim government, as illegitimate entities (because they were set up under the illegal occupation), he has refrained from launching armed resistance, in the interests of the population. His rejection of al-Sadr's militia has been explicit, as has his denunciation of the radical cleric's occupation of the Imam Ali shrine, over which al-Sadr has no religious authority. Al-Sistani has tolerated the various quisling entities set up by the United States, but not recognized them, taking the longer view that, when elections are held, then a legitimate government can be established, which will end the occupation and receive his blessing.

What Could Have Happened

Al-Sistani was flown to London in early August, as the current escalation of the conflict broke out. U.S. troops backed Iraqi police forces, who approached the residence of al-Sadr. This move was seen by the latter's militia as the prelude to a violent thrust to storm the residence, seize al-Sadr, and arrest or kill him. Official U.S. and Iraqi interim government policy had been, in fact, to eliminate al-Sadr.

As the city came under siege, al-Sadr and his forces took refuge inside the Imam Ali shrine, assuming that the United States would not storm the mosque. However, as the days went by, U.S. tanks and troops edged closer to the shrine, and the interim government made known that it would decide whether or not to storm it. U.S. military spokesmen offered assurance that only Iraqi security forces would go inside the mosque, so as not to "enflame Shi'ite passions."

By Aug. 25, preparations for a final assault had been completed. U.S. planes had succeeded, in days of constant aerial bombardments, in destroying buildings all around the shrine, allowing the deployment of snipers to positions there, so as



Ayatollah al-Sistani pulled off a "miracle," ending the siege of the Imam Ali shrine in Najaf, by U.S. and Iraqi government forces, against the Mahdi Army of Moqtadar al-Sadr.

to be able to shoot anyone entering or leaving. Conditions inside the mosque were disastrous, as the dozens of wounded could not be adequately treated.

Simultaneously, fierce combat broke out in a number of predominantly Shi'ite cities al-Amarah, Nasiriyeh, and Basra, as well as in the al-Sadr stronghold of Sadr City in Baghdad, which was under heavy U.S. bombardment.

It was at this eleventh hour, that the announcement was made of al-Sistani's imminent return. The mere news of his intended arrival immediately redefined the situation, introducing an element of optimism, and hope for a peaceful solution.

Had the religious leader not taken this decision, fraught with risks for his health and security, the worst could have occurred: The Imam Ali shrine could have been stormed by Iraqi troops, backed up by U.S. Marines and air power. A bloodbath would have been the immediate result.

This desecration of one of the holiest Shi'ite sites, would have sparked a military response elsewhere. Neighboring Iran's population is 95% Shi'ite, and there are large Shi'ite communities in Kuwait, Saudi Arabia, and Bahrein, where they constitute a majority, in opposition to the government. Shi'ites exist also in the United Arab Emirates, Lebanon, Yemen, Afghanistan, Pakistan, India, and Central Asia.

The most explosive situation is in Iran. Although al-Sadr has received no backing from the political establishment there, all Iranian forces are committed to defending the inviolability of the Imam Ali shrine. Iranian sources have reported that there have been tremendous pressures brought to bear on the government, by arch-conservatives, urging Tehran to lend support. Although this has not been in the form of official statements by prominent political figures, the message has been transmitted that "the people" want to rush to the aid of al-

Sadr. Were this to occur—were individual Iranian elements to cross the border into Iraq in order to join the al-Sadr militia—this would provide the pretext which Washington’s neo-conservatives, such as Vice President Dick Cheney, Defense Secretary Donald Rumsfeld, and National Security Advisor Condoleezza Rice, have been awaiting, in order to “prove” Iranian “interference” in the internal affairs of Iraq.

Iran would then become a legitimate target in the eyes of Washington, and could be set up for a strike, even a nuclear strike, either by the United States directly, or by the Israelis. A months-long drumbeat for a pre-emptive attack against Iran, has been building up to this juncture.

Were Iran to be hit, at the same time that the Najaf shrine were besieged, all hell would break loose. Several commentaries appearing in the Arab Gulf press recently, have speculated on what might ensue. Kuwaiti author Dr. Muhammad al-Rumayhi wrote a piece in *Al Bayan*, on Aug. 24, entitled, “An Atomic Bomb Over the Gulf.” He warned that an attack on Iran by the United States or Israel, could lead to a situation in which “our cities turned into Nagasakis and Hiroshimas, a nuclear holocaust, or, in the best case, we could witness low intensity warfare across the Gulf, in the form of internal (domestic) disturbances.” The latter refers implicitly to the possibility that the Shi’ite communities in the Arab Gulf states could respond with asymmetric warfare, destabilizing especially those governments—Saudi Arabia and Kuwait, for example—which are seen as U.S. allies.

Iranian government officials are fully aware of the deadly consequences of such a scenario. For this reason, Foreign Minister Kamal Kharrazi called for an emergency meeting of the countries neighboring Iraq, specifically to address the Najaf crisis, but it was rejected by the Allawi government.

The Political Fallout

Al-Sistani’s spokesman, in announcing the breakthrough, said that not all issues had been finally settled, but that “three-quarters” had been achieved. Whatever the further developments in completing the peace mission launched by al-Sistani, the true contours of the political map of Iraq have been brought into focus. The real power in the country is Ayatollah al-Sistani, period. If it was his absence, due to a health emergency, which allowed the United States to gamble on a final solution to al-Sadr, it was the religious leader’s mere announcement of his intended return, which forced a pause.

The significance of his march on Najaf cannot be overlooked. Here, it was not a call to Shi’ites, but to *all Iraqis*, which counts. One of his aides specified that Iraqis should join from Kirkuk (in the Kurdish north), from Mosul (in the Sunni region), and so forth. Thus, it was a call to assert national unity, in a peaceful, non-violent, mass demonstration. And it was specifically organized to defend the Imam Ali shrine, which is sacred to all Muslims. The call was heeded, immediately, demonstrating the overwhelming support that

al-Sistani enjoys. It demonstrated that the population is unified in its resistance against the occupation.

Although Iraqi interim government spokesmen were bragging that the Mahdi Army was “finished,” as their assault was to start, in effect, it is the Allawi government which is discredited. By serving as the foot soldiers of the U.S. occupying force, in a planned siege against the holy shrine, and against Iraqi citizens, it hammered one more nail into its own coffin. No matter what U.S. military and political backing it will continue to enjoy, it is as viable as a dead fish. And, the entire edifice of U.S. policy on Iraq, built on a foundation of lies, has come tumbling down.

There is no way that Iraq can be stabilized, unless it has the perspective to become truly sovereign again. This means, as laid out by Lyndon LaRouche, in the LaRouche Doctrine, that the occupation must end, sovereign Iraqi military forces must be reconstituted, and a UN-guided process toward genuine elections must be implemented. Most importantly, the leading nations of Southwest Asia must be brought into agreement regarding regional security. The fact that the Iranians have called for an emergency meeting of Iraq’s neighbors, is just one indication of the readiness of regional powers to adopt an approach like that of the LaRouche Doctrine. For this to become reality, a radical change in U.S. foreign policy toward the region must occur, a change which LaRouche is committed to bring about.

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What India Needs Is an FDR-Style ‘New Deal,’ Not Globalization

Shri Chandrajit Yadav is a former Union Minister of the government of India under Prime Minister Indira Gandhi, and is now chairman of the Centre for Social Justice of India. He was interviewed by Mary Burdman on Aug. 13.

EIR: In the past weeks, our movement has led the wave of new, big demonstrations in eastern Germany, where the population is protesting the disastrous effects that the “globalized” economy has imposed on eastern Germany in the 15 years since the fall of the German Democratic Republic. Unemployment, economic insecurity, and collapse of productive industry is *far* worse now than it was under the G.D.R. government, and everyone knows it.

This process of broad popular reaction against globalization began this year, in the Indian national elections in May 2004. Please describe the Indian population’s rejection of globalization.

Shri Yadav: These demonstrations in eastern Germany are a very good thing. The common people in many countries are now very much aware of the great problems of globalization.

This was the same reaction in India. The common people feel that globalization is only for the rich. The impoverished here in India understand globalization: They see the multinational corporations coming to India, the ready-made clothes, fast food, “entertainment,” and many other products, which are very costly. These are driving away the local products and markets. This is all happening to the cost of the indigenous industry in India.

In every market, you find the “chain” stores, and products. People can see with their own eyes, the bad effect on the population.

Now, the government of India has programs to take care of the smaller and indigenous industries. The center is decreasing the internal duties on products made inside India, to support this production. Their policy is to emphasize support from small-scale industry, rural development, and what are called “cottage” industries.

India had a great tradition of artisans, of highly skilled smaller industries. Today, 40% of employment in India is still by these industries. The multinationals will destroy them. Mahatma Gandhi, during the freedom struggle against the British Empire, called on everyone to burn their imported clothing. This question of economic dependence on imported

products is related historically to the freedom movement, and to the issue of the self-reliance of the Indian people.

During the last decade, more and more artisans have been forced to abandon their work, especially textile weavers. There have been many suicides among these people, or they are forced to go and live in great poverty in the cities, working as rickshaw drivers or other such brutal work.

Indian economists are also recognizing that there must be a balance between smaller industry and heavy industry. With our population and history, we cannot just follow the “heavy industry” Western model.

EIR: In May 2004, there were very important state and national elections in India. The key issue was the economic situation, both national and regional. The former National Democratic Alliance [NDA] government, led by the Bharatiya Janata Party (BJP), had presented its economic policy in its campaign slogan, “India Shining,” centered on the “Information Technology” new economy. But this did not deal with the reality of life for the 600 million Indians who live in the countryside, or in poverty in the cities. Please describe the real conditions of life for the majority of Indian citizens.

Shri Yadav: The NDA government was over-confident of its victory in the last Lok Sabha elections (the 14th Lok Sabha elections). [The Lok Sabha is the lower house of India’s national Parliament.] Indian media and their pre-polls’ and exit polls’ predictions were also in favor of NDA’s victory. Even the Congress Party and its allies were not sure that they would succeed in ousting the NDA from power.

The main reason, in my opinion, for the NDA’s defeat, was that the common electorate, especially farmers and middle class, voted against the BJP-led government. After communal riots in [the state of] Gujarat [in March 2002], the government’s image was badly tarnished, and the minorities all over the country voted against them. The NDA’s slogans of “Shining India” and “Feel Good” lost their “shine” within a month. These slogans became counterproductive, and people started ridiculing them, because peasants in the hundreds were committing suicide in different parts of India, including the state of Andhra Pradesh, India’s fifth most populous state, where the Telugu Desam Party, a close ally of the BJP, was in power for more than nine years.

National and local socio-economic issues were the main

planks of elections; shortage of power, lack of irrigation facilities, bad conditions of rural roads, rising prices, and peasants under heavy debts were burning issues.

After 57 years of our Independence, India stands 127th in the world so far as per-capita annual income is concerned. It is rupees 21,670 (\$480), and in the villages where 70% of the people live, their per-capita income is rupees 7,900 (\$175). In India, 300 million people are living below the poverty line, in inhuman conditions, denied drinkable water, two full meals, and with no roof over their heads.

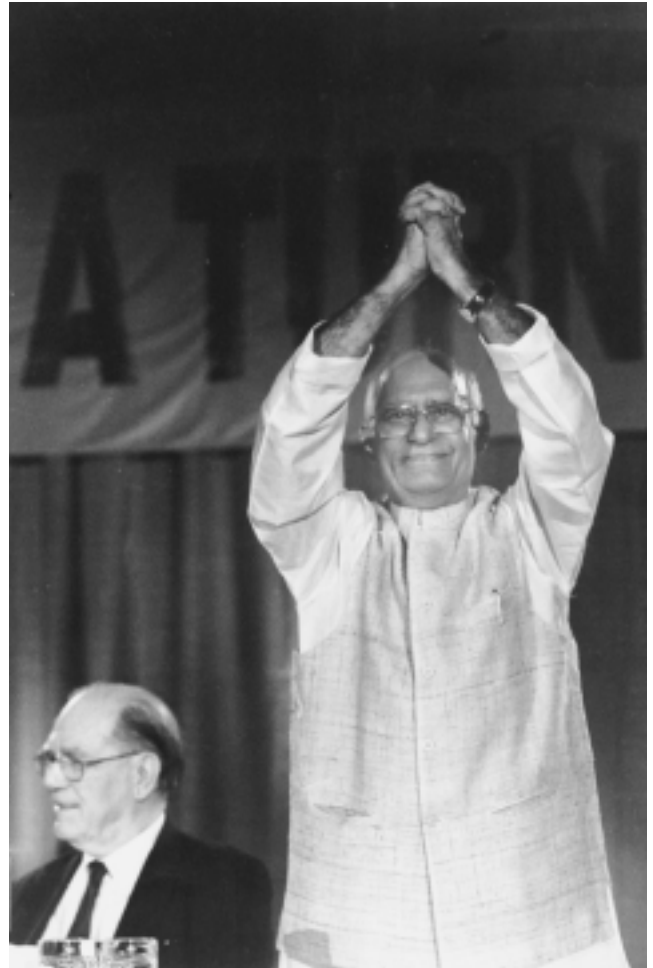
EIR: The Congress-led victory was a great surprise, even to yourself. The first indication of the big political shift going on, was the May 12 election results in Andhra Pradesh, where the BJP-allied Telugu Desam Party was swept from power. Please describe the conditions in Andhra Pradesh, especially of the farmers, which led to this upset. Especially describe the effects of globalization on India, and the impact upon young people just beginning their working lives.

Shri Yadav: The Telugu Desam Party government was also under wrong illusions, like the NDA central government. The assembly was dissolved six months earlier than its term, with an assessment that early election would bring victory to Telugu Desam, but there was a big electoral shock for Chandrababu Naidu, chief of the Telugu Desam, and Chief Minister of Andhra Pradesh. His party was badly defeated, it was almost routed, and the Congress Party was swept back to power. The Andhra electorate, particularly the rural electorate, which constitutes more than 70% of the electorate, had a feeling that the TDP government was an urban-rich-oriented government, was only promoting Information Technology, and was completely blind to rural people's day-to-day problems. The largest number of farmers' suicides took place in Andhra Pradesh.

The Congress Party's local leadership launched a village-to-village movement against TDP government's failures. Chandrababu Naidu was called "the CEO," and he was a great favorite of U.S. computer giant Bill Gates. People nicknamed him "Bill Gates' boy." Naidu symbolized the globalization economy, in which the rich are becoming richer, and middle class and poor are becoming poorer.

EIR: The "mandate of the people" was given to the Congress Party and its allies. Please describe the very important democratic tradition of the Republic of India, and the secular tradition of the Congress. You told me, at the time of the elections, that no one political party can control India: the common people of India, have many times shown they are willing and able to oust a government that does not meet their basic needs. The poor are being awakened, and want to share in the development of India. Please tell us more about this.

Shri Yadav: It has been my political assessment for almost a decade, that India has entered into an era of coalitions, and no single national political party will be in a position to get



Indian political leader Chandrajit Yadav addressed a panel on the role of young people in building a just new world economic order, during the Labor Day Conference of the Schiller Institute in 2003.

the absolute majority, and rule on its own. That is proving correct. The Narasimha Rao government [Congress Prime Minister] ruled without a majority, and somehow managed to survive a full five-year term. After that, the BJP-led NDA government ruled six years with the help of 24 parties, and now Dr. Manmohan Singh's government [Congress Party government] is ruling with six party allies, and another six parties supporting from outside.

The 14th Lok Sabha election gave a clear verdict against the communal party BJP and its allies. It is a clear verdict in favor of secular, progressive, and social justice forces.

Another important feature of the Indian political situation is that people are asserting [themselves] against regional as well as social injustice. Socially, educationally, and economically exploited people are asserting for their share in the governance of the country in the administration, and in the fruits of the development.

These are good lessons for all political parties. This will compel national parties to be more friendly to the poor in the

Call for Second Freedom Struggle for India

On July 18-19, the national Social Justice Movement, led by former Union Minister Chandrajit Yadav, held a special meeting in New Delhi, which put out a Resolution and memorandum of demands. These were signed by more than 25 Members of Parliament of almost all parties, and submitted to Prime Minister Dr. Manmohan Singh and Mrs. Sonia Gandhi, Chairperson of the National Advisory Committee.

The Social Justice Movement will organize a mass rally in November in New Delhi in front of Parliament, and will mobilize especially youth and women for this movement. The meeting called upon the youth of India to join the Second Freedom Struggle to build New India based on justice, equality, and self-respect.

The Social Justice Movement Resolution welcomed the results of the 14th Lok Sabha elections. The move towards coalition politics, the resolution states, “clearly brings out that the common voter, especially the farmers, the working class, artisans and the weaker sections of the society, have become aware of the importance of their vote and they vote for only those parties whom they think is the protector of their class interests. This is a welcome sign to make democracy meaningful.

“It is clear that even after 56 years of independence, the national policies and programmes, their priorities and implementations, have failed to address the basic needs and expectations of the common people, especially the scheduled castes/tribes, backward classes, minorities, farmers, labourers, and artisans. The main reason for this failure is that the upper castes and the feudal elements have

domineering hold over the present system, and the lower 85% of the society have very little say or participation either in the governance or the administration of the country.”

The present system has failed to protect and promote the interest of the lower 85%, the resolution states, leaving people without good water, shelter or sufficient food. Nearly 60% of men and 85% of women are illiterate. Farmers are heavily indebted, and artisans and farm labourers impoverished. About 15-20 crores [150-200 million] youth are unemployed, leading to increasing crime. The upper 15%, however, have increasing control over the administration of power, education, and media.

“Economic globalization is merely strengthening capitalism and is inimical to the interests of the poor.” In this situation, regional divisions, and communal and divisive forces have been strengthened.

“The social justice movement is firmly of the view that the present system needs to be changed fundamentally. But this would not happen by begging. For this, 85% of the people have to forget their differences, and to fight unitedly at the national level for the second freedom struggle. This will be a fight for systematic change. This will require hard work and sacrifices made during freedom struggle.”

The resolution calls for united work among the Other Backward Castes (OBC) and the Scheduled Castes and Scheduled Tribes, and the cooperation and help of the progressive elements amongst the upper castes to establish a new order for India. It calls for great expansion of education, especially for opening places for the poor and women; for 1,000 rupee subsistence for unemployed youth, a free ration card, free treatment for the poor in private and specialty hospitals, and writing off the debt burden of all OBC with landholdings of less than three acres.

future, and also to formulate their priorities in favor of weaker sections of societies.

The Preamble of the Indian Constitution makes a pledge to extend justice—social, economic, and political—to all citizens of India, but they have not yet got it. Several constitutional provisions relating to the socio-economic uplifting of scheduled castes, scheduled tribes, and backward classes and minorities, who constitute 85% of the Indian population, have not been implemented.

This is leading to dissatisfaction and disinterest in these classes. It is also resulting in political fragmentation, regionalism, and casteism. Communal and reactionary forces very often exploit the dissatisfaction of weaker sections, and take political advantage out of it.

EIR: What specifically are the needs of India’s huge rural sector, and what are the plans to increase food production and rural welfare?

Shri Yadav: In India what is emerging is an alarming situation, that by 2020 India’s population will be 134 crores, or 1.34 billions. [Since ancient times, Indian mathematicians and scientists have used special numerical terms for great numbers, including lakh for 100 thousand, and crore for 10 million.]

Over 237 million of these would be in the school-going age of between 5 to 14; some 846 million would be in the working age of 15 to 59, and 132 million in the 60 plus age group. That is, every third person would be a dependent and 6 out of 10 Indians (a rise of 42%) would need new jobs.

Also India would need 300 million tons of food grain, over 80 billion cubic meters of water, and housing for over 265 million families. Currently India has over 80 million educated jobless youth, and India is now producing more than 200 million tons of food grains. These are serious problems!

However, another picture of India, is that it has well-developed and -reputed science and technology institutions and universities. India is one of the five countries of the world who are on the top in Information Technology. Fifteen percent of Indian wealthy people live more luxurious lives, compared to many developed countries. Three years before, India was producing annually 100,000 cars, but now it is producing 1 million every year. It is expected that in coming years it will do much better, as these obvious disparities are creating an unbalanced society.

EIR: Please describe India's foreign policy, including towards Pakistan, China, Russia, and the United States.

Shri Yadav: India since independence became a Non-Aligned country in its foreign policy. Its first Prime Minister, Jawaharlal Nehru, was one of the main organizers and founding father of the Bandung Conference [which took place 50 years ago in Indonesia]. The main feature of Indian foreign policy was to work for world peace and disarmament, friendship with all countries, a world without nuclear weapons, solidarity among developing countries, and continuance of its anti-imperialist policies.

One major achievement in foreign policy was that it was based on national consensus. Even other political parties, such as the Janata Party government in 1977, and the BJP-led NDA government during the last six years, followed the same foreign policy, with a little tilt towards the U.S.A.

One burning example of our foreign policy consensus is that even when the NDA was in power at the center, the Indian parliament passed an unanimous resolution condemning President George W. Bush's Administration, and the attack on Iraq. In spite of great U.S. pressure, the NDA government did not send the Indian army to Iraq.

One major achievement today is that India is friendly to all major powers in the world, such as the U.S.A., France, Germany, Russia, and China. A significant development taking place, is that India and Pakistan are negotiating their bilateral problems, including Kashmir, across the table. Now, the people of India and Pakistan are optimistic about being good neighbors, with hope that the relationship between both countries will so much improve that they can develop their trade and visit each others' countries. Finding a solution on the border problem between India and China is moving very smoothly; SAARC [South Asian Association for Regional Cooperation] has become active, with a possibility to move jointly to help each other.

This shows that India's foreign policy has a sound foundation supported by peace-loving people. India is now aspiring to be a member of UN Security Council. Many important

countries have come forward to support the claim of India.

EIR: An interesting editorial in the national newspaper *The Hindu* on June 26, said that Prime Minister Manmohan Singh is following the ideas of the American President Franklin Roosevelt, to deal with the enormous crisis in Indian agriculture. "The Prime Minister commits the Government to respond to this crisis in much the same fashion as a great American President Franklin D. Roosevelt put together a New Deal in the early 1930s to rescue the domestic economy from the ravages of the Great Depression. The Manmohan Singh version of the New Deal will make interventions at every link of the production and marketing chain in agriculture."

Lyndon LaRouche, in his economic and political campaign, is striving to bring back the policies of FDR, as the only ones which can solve the great economic problems facing the United States, including the "shock therapy" against its industry, the collapse of infrastructure, and the huge income gap between the well-off 20% and the "forgotten men and women"—actually 80% of the population. How will the policies of FDR work in India?

Shri Yadav: The Indian Prime Minister Dr. Manmohan Singh is an eminent economist. On the basis of its "Common Minimum Program," his government is committed to the welfare of the common people. In the new budget, an emphasis has been given on Indian agriculture. Agricultural economy has been given a fillip by focusing on rural credit, mechanization, water management, shops for agro-processing firms, and facilitating the availability of venture capital for agro-product start-ups. A scheme has been worked out to provide one job in every poor family, and also 100 days of gainful employment in each family.

The government has also launched the "food-for-work" program, with rupees 8,000 crores [80 billion rupees]. This program is to employ people to build essential rural infrastructure—canals, roads, and other projects—for 4-5 hours a day, and they are paid in grain, rice or wheat.

Rural credit will be doubled over the next three years; government has already announced a higher price for farmers' products. Subsidy in fertilizer, and tax reduction in agricultural implements including tractors, have been provided. On the basis of this common program, our daily newspaper *The Hindu* compared Dr. Manmohan Singh's new economic program with President Roosevelt's New Deal.

People have great hope from Manmohan Singh's government, although inflation has crossed 7.5%, which is the highest during last five years. In general, prices are also rising due to a rise in petroleum prices. India imports more than 60% of its oil, and when international prices go up, India is badly affected.

We know that Lyndon LaRouche is actively working to bring back the policies of FDR in the present world context. FDR's New Deal policies are even today relevant to build a new world based on justice, equity, and human dignity.

The Coming Senate Battle: Open the Porter Goss File

Part 1, by Jeffrey Steinberg, with Michele Steinberg and Scott Thompson

In his damning book on the Bush-Cheney Administration, *Worse Than Watergate*, former Nixon White House General Counsel John W. Dean reported that Vice President Dick Cheney has been obsessed for decades with the mid-1970s Church and Pike Committees, whose pioneering work led to the first serious Congressional oversight of the intelligence community. As far as the Vice President is concerned, those investigations, and the Congressional oversight committees that emerged from the process, represented a dark moment, in which the powers of secret government were undermined. As Dean put it: “Cheney has long believed that Congress has no business telling Presidents what to do, particularly in national security matters.”

Cheney’s refusal to turn over a shred of paper from his White House Energy Task Force; his secret intelligence organization buried in the Pentagon bureaucracy; and his trips to CIA headquarters to stare down analysts who dared to challenge his Iraq WMD Big Lies, all underscore the Veep’s obsession with government-by-secret-cabal.

It is no wonder that Cheney’s choice as the new Director of Central Intelligence (DCI) is Rep. Porter Goss (R-Fla.). Goss not only presided over a vicious partisan coverup of the Iraq pre-war intelligence fraud—a fraud run out of Cheney’s office—through his position as chairman of the House Select Committee on Intelligence. Goss’s own career as a 1960s-era Central Intelligence Agency Clandestine Service officer is a throwback to the pre-Church Committee, pre-Watergate days, when the intelligence community, under the Allen Dulles/James Angleton legacy, ran amok.

Playing Politics With National Security

Sources in the U.S. intelligence community and the Congress identify three reasons that Cheney chose Goss for the

DCI post, and is now intent on ramming his confirmation through the Senate immediately after Labor Day.

First, the White House is desperate to “plug the leaks” at the CIA. The Agency has been scapegoated by the White House and its Congressional toadies, like Goss and California Republican Duncan Hunter, for the 9/11 attacks and for the failure to find the so-called Iraqi weapons of mass destruction. Senior career intelligence officers are furious, according to the sources, at the White House’s blame game, and they do not intend to sit by and allow this propaganda scam to go unchallenged. The fact that evidence points to Cheney as the culprit behind the July 2003 leaking of the identity of CIA “non-official cover” officer Valerie Plame to columnist Robert Novak, only deepens the intelligence community’s fury at the Bush White House. And Goss’s personal role in attempting to prevent an independent counsel probe into the Plame leak just adds to the volatility of the issue.

The spy community knows that evidence easily accessible in the public domain reveals that the President, the Vice President, and the Attorney General repeatedly ignored CIA and FBI warnings about an imminent terrorist attack on U.S. soil in the Spring-Summer 2001, including the now-famous Aug. 6, 2001 Presidential Daily Briefing item, talking about al-Qaeda hijacking plots and surveillance of targets in Washington and New York. Likewise, the Senate Select Committee on Intelligence’s recent report documented that the majority of intelligence community analysts disputed the Iraq WMD threat; and former DCI George Tenet told an audience at Georgetown University earlier this year that Iraq “never posed an imminent threat” to the United States—and he told Bush and Cheney that on repeated occasions.

When the CIA General Counsel rushed through approval of a book, *Imperial Hubris*, by a senior Agency counterter-



This picture, taken in Mexico City on Jan. 22, 1963, shows agents in “Operation 40,” the CIA’s assassination squad deployed against Fidel Castro. By some accounts, a young Porter Goss is seated between Felix Rodriguez (front left) and later CIA narco-pilot Barry Seal. The photograph was produced by Seal’s widow shortly after his gangland-style assassination in Baton Rouge, Louisiana.

rorism analyst, writing anonymously, which tore into the Administration’s failed Iraq and Afghanistan policies, Cheney and company moved to pre-empt further damaging material from surfacing from the Agency—by naming Goss. Goss’s first mission will be to plug the leaks—at least through November.

Second, the Bush-Cheney campaign is growing worried that the President could lose the must-win state of Florida in November, and the Goss nomination is aimed at bolstering enthusiasm among the Cuban-American right-wing community in Miami for a second Bush-Cheney term. Goss is the darling of the southern Florida right wing, and has been, dating back to his CIA days from 1961-71, when he participated in the efforts to assassinate or overthrow Fidel Castro in Havana.

Third, and most important for Cheney, Goss is the personification of the rogue spook, serving at the pleasure of the President, and behind the back of the Congress and the American people. In Cheney’s warped mind, Goss is going to turn the clock back to the bad-old-days before Watergate and intelligence oversight.

JM/WAVE and Mongoose

In 1975, the Church Committee investigating the activities of the U.S. intelligence community issued its final report. Among the revelations contained in the multi-volume document were the first unclassified accounts of the CIA’s program

to assassinate Cuban dictator Fidel Castro. “United States government personnel plotted to kill Castro from 1960 to 1965,” the report stated. “American underworld figures and Cubans hostile to Castro were used in these plots, and were provided encouragement and material support by the United States.”

Those anti-Castro operations were run out of a large Miami CIA station, under the code name JM/WAVE. At the height of JM/WAVE, the station employed over 200 CIA officers, and ran a network of over 2,200 Cuban exiles. It maintained an armada of boats, for raids on Cuba, and a small fleet of aircraft for other missions. One sub-feature of the anti-Castro efforts, Operation Mongoose, involved assassination plots against the Cuban leader.

Porter Goss was a young CIA officer assigned to JM/WAVE.

Goss had, by his own accounts, been recruited to the CIA while in his third year at Yale University. His two years of military service were, in all likelihood, actually CIA assignments. In 1961, Goss was officially brought into the CIA and sent to JM/WAVE. He later would continue to participate in the anti-Castro operations, based out of CIA stations in Haiti, the Dominican Republic, and Mexico. Later, Goss was sent to London and then Paris, where he was involved in the infiltration of labor organizations, until he developed a near-fatal infection and was forced, officially, to retire from the spy world.

In his role in JM/WAVE, Goss served with some of the CIA’s most hardened Cold Warriors, including Miami Station Chief Theodore G. Shackley, later a central figure in the Iran/Contra debacle; Felix Rodriguez, another leading Iran-Contra player; and Frank Sturgis, later of Watergate break-in infamy.

Indeed, from the Bay of Pigs and the Operation Mongoose Castro assassination plots of the 1960s, to the Watergate Plumbers Unit of the 1970s, to the Iran-Contra narco-financed insurgency of the 1980s, this circle of right-wing CIA operators and closely allied Cuban exiles, has represented an ugly stain on the American political landscape. Is this what Porter Goss brings to the table?

The Senate Select Committee on Intelligence cannot avoid the details of Goss’s CIA career, in deliberating on his nomination.

Torture Trail Leads to White House, Cheney

by Edward Spannaus

The two new reports issued on Aug. 24 and 25, concerning the abuse and torture of prisoners at Abu Ghraib prison in Iraq, contain much new damning and detailed material, which proves that the responsibility for the atrocities at Abu Ghraib runs directly to the highest levels of the Bush Administration, including Vice President Dick Cheney.

Contrary to the spin being put on the reports by the Administration, the facts in the reports lead in a very different direction than their official conclusions of finding no culpability on the part of high-ranking officers or civilians, included Defense Secretary Donald Rumsfeld. The two reports document a direct line from the infamous “torture memos” drafted by the White House—and particularly by Dick Cheney’s top lawyer David Addington, and by the Justice Department’s Office of Legal Counsel—to the torture and deaths of inmates at Abu Ghraib. (For a full analysis of the torture memos, see *EIR*, July 2, 2004.)

These reports should forever put to rest the lie which has been repeatedly put out by the White House and the Pentagon, that what happened at Abu Ghraib was the doing of a few “bad apples” acting on their own, in violation of official policy.

Both reports document that interrogation techniques that were approved or allowed in Afghanistan, in Guantanamo and in other secret detention facilities—where the Administration asserted that the Geneva Convention on prisoners of war did not apply—were brought into Iraq and used at Abu Ghraib, despite the official policy that the Geneva Convention *did* apply to Iraq.

Dispute Over Geneva Conventions

The first of the two reports, issued by a panel headed by former Defense Secretary James R. Schlesinger on Aug. 24, reviews the dispute that took place within the Administration in late 2001 and early 2002 over whether prisoners captured in Afghanistan were entitled to be treated as prisoners of war under the Geneva Conventions.

From the outset, the uniformed military services and the State Department said that Geneva should apply, but the Justice Department’s Office of Legal Counsel (OLC) argued that neither the Geneva Convention nor the Federal War Crimes Act would apply in Afghanistan.

The Justice Department OLC argument against Geneva

was presented to President Bush in a Jan. 25, 2002 memorandum from Alberto Gonzales, the Counsel to the President. However, *Newsweek* reported, consistent with reports received by this news service, that this memo was actually authored by Cheney’s counsel Addington. The Addington memo warned that top U.S. officials might be prosecuted for war crimes by a later Administration, and it argued that the President could set up a legal defense against such a future prosecution by asserting that the Geneva Convention was inapplicable to the fight against the Taliban and al-Qaeda in Afghanistan.

That weekend, Feb. 26-27, 2002, while the debate was still raging within the Administration, Dick Cheney went on the Sunday TV talk shows to proclaim the issue decided: The Geneva Convention should not apply to prisoners at Guantanamo. “These are bad people,” Cheney ranted, who might have information about attacks against the United States. “We need that information, we need to be able to interrogate them and extract from them whatever information they might have.”

And indeed, on Feb. 7, 2002, President Bush did issue an official determination, that the Geneva Convention would not apply in Afghanistan and Guantanamo.

In August 2002, the Justice Department OLC issued the most infamous “torture memo” (according to some sources, in response to a request from the CIA), which presented an extremely restrictive legal definition of torture—for example, that “moderate” torture which doesn’t cause organ failure or death, is permissible. And it argued that the President, under his powers as Commander-in-Chief, could authorize even severe torture under certain circumstances, with which neither Congress nor the Courts could interfere. David Addington reportedly pressed hard for a strong section on Presidential powers in the OLC memo.

Further, as is described in both the Schlesinger Report and the Fay Report (the Army’s report by Maj. Gen. George Fay and Lt. Gen. Anthony Jones), in December 2002 Defense Secretary Rumsfeld issued a listing of authorized interrogation techniques for Afghanistan and Guantanamo, and he then rescinded them in January 2003. At the same time, Rumsfeld created a Defense Department Working Group on interrogation of detainees, which issued its report in April 2003. *EIR*’s analysis showed that the DOD Working Group memo drew heavily on the August 2002 Justice Department OLC torture memo; the OLC memo has now been officially repudiated by the White House, but not its derivative, the Working Group memo.

The Road to Abu Ghraib

What is made clear, in the factual recitation in both the Schlesinger and the Fay reports, is that the policies put forward in these Administration memos, were put into practice in Iraq, at Abu Ghraib.

As the Schlesinger Report puts it, policies and practices

The Gloves Are Coming Off

Following are substantial excerpts from the Military Intelligence memorandum obtained recently by attorney Paul Bergrin, which had been circulated in Iraq in July-August 2003.

ALCON [All Concerned]

Just wanted to make sure we are all clear on the taskers at hand.

1 - A list identifying individuals who we have in detention that fall under the category of "unlawful combatants." I've included a definition from the SJA [Staff Judge Advocate] folks: . . .

2 - An additional list identifying who we have de-

tained who are "Islamic extremist"

3 - Immediately seek input from interrogation elements (Division/Corps) concerning what their special interrogation knowledge base is and more importantly, what techniques would they feel would be effective techniques that SJA could review. . . .

The gloves are coming off gentleman regarding these detainees. Col. Boltz has made it clear that we want these individuals broken. Casualties are mounting and we need to start gathering info to help protect our fellow soldiers from any further attacks. Thank you for your hard work and dedication.

MI ALWAYS OUT FRONT!

William Ponce, Jr.
CPT (C), MI, USA
Battle Captain, CJTF-7 32X

which were used in Afghanistan "migrated" into the Iraq conflict—despite the fact that the Iraq and Afghanistan operations were "wholly different," in that the Iraq operation came under the Geneva Convention and the laws of war. The report also notes that the U.S. command in Iraq decided to classify some individuals captured in Iraq as "unlawful combatants," using the criteria set out in the OLC memos and in the President's Feb. 7, 2002 determination with respect to al-Qaeda and the Taliban.

The Fay Report, which covers the role of Military Intelligence (MI) in Iraq, is much more specific and detailed, even though sections publicly released are only a small portion of the total document. It describes how the DOD Working Group memo was incorporated into a memorandum produced by the legal staff of Lt. Gen. Ricardo Sanchez, the top commander in Iraq. Both reports describe how interrogation techniques intended only for use at Guantanamo came to be used in Afghanistan and Iraq, and how MI personnel who were transferred from Afghanistan to Iraq brought their Afghanistan methods with them—such as the use of nudity (sexual humiliation), "stress positions," isolation and sensory deprivation, and exploiting the fear of dogs. Guantanamo commander Maj. Gen. Geoffrey Miller specifically recommended the use of dogs when he visited Abu Ghraib. The Fay Report states, without further explanation, that the Abu Ghraib interrogations "were influenced by several documents that spoke of exploiting the Arab fear of dogs."

'Smoking Gun Memo'

Something which was not disclosed as part of either the Rumsfeld or Fay reports, is a MI memorandum which surfaced on Aug. 24 at a preliminary military hearing for one of

the seven U.S. soldiers charged in connection with the Abu Ghraib abuses, held in Mannheim, Germany. The memorandum declared that "the gloves are coming off" regarding prisoners, and that the top-ranking MI officer at the U.S. command headquarters in Iraq had made it clear that "we want these individuals broken" in order to obtain intelligence on the insurgents attacking U.S. troops. It also shows that the category of "unlawful combatant"—that is, persons outside the protection of the Geneva Conventions—was being used in Iraq, even though this was only supposed to apply to those captured in Afghanistan.

Paul Bergrin, the civilian lawyer for Spc. Javal Davis, one of the Abu Ghraib defendants, obtained this memo from what he called "clandestine sources" in the intelligence community—not as part of pre-trial proceedings. Bergrin calls the memo "a smoking gun," and he says that it corroborates what he has been arguing all along: "that very aggressive interrogation techniques were being employed at Abu Ghraib prison and that those techniques were called for at the highest levels."

The memo was apparently written in late July or early August 2003, at the point when U.S. forces were facing escalating and increasingly deadly attacks from the Iraqi resistance, before the worst abuses were recorded. It was written by Capt. William Ponce, an MI officer on the staff of General Sanchez. It referred to statements by Col. Steven Boltz, who was the top MI officer in Iraq at that point, prior to the arrival of Maj. Gen. Barbara Fast.

(An interview with Bergrin was published in the July 16 *EIR*, in which Bergrin said that he believed that he could prove that the torture policy came from the top levels of the Bush Administration and the Pentagon.)

Even a Bad Book Is Useful—Sometimes

by Lyndon H. LaRouche, Jr.

Henry VIII: The Mask of Royalty

by Lacey Baldwin Smith

Boston: Houghton Mifflin, 1971 (out of print)

328 pages, hardcover, \$17.95

The sum of the parts, is sometimes worse than the whole. More than thirty years ago, a certain Professor Lacey Baldwin Smith wrote a book about the mind of England's lunatic King Henry VIII; the author left out the part about history. The trouble was, Professor Smith obviously had overdosed on an intellectually fatal dose of empiricism. The result of this labor of his was not worth much except as an object-lesson which contemporary critics and politicians need very much, even, today, desperately, to learn.

That case typifies a common source of incompetence in the closely related fields of history and political and scientific intelligence.

For this present report of mine on the case of that book, you may blame one of my German physicians, who advised me: "*Ausklinken*," break my intense and sustained work-routine from time to time. So, from time to time. I pick up and read a book which is selected because it promises to be an entertaining, and, hopefully, enriching diversion from my customary work. So, on this account, I laid hands on Professor Baldwin's 1971 book. Now, "*ausklinken*" or no, I shall not rest from my work-a-day habits until I have unburdened myself of the relevant, important observation which my work-a-day clientele requires of me.

Like his Spanish predecessor, Tomás de Torquemada,

England's Henry VIII was a beast-man, and deserving, on that account, of the special quality of admiration of the spiritual great-grandfather of Adolf Hitler, Count Joseph de Maistre, as also meriting the burning hatred of the Grand Inquisitor by Fyodor Dostoyevsky. Henry was a monstrous fanatic in the same mold as such among our contemporary brutes as the incumbent U.S. Attorney-General Ashcroft, Vice-President Cheney, and President Dubya. Intellectually, of course, Henry VIII, although also a lunatic, was, as Professor Smith insisted, an intellectual giant among lunatics, when compared to the trivial talents of any among the latter three; but, as might be said comparably of man-eating tigers, a beast-man is a beast-man, even if he has but three claws, and two eye-teeth remaining, whatever his notable relevant intelligent quotient.

That author's failure, in composing that book as a whole, is a systemic fallacy of a type associated with what I have frequently identified as the "fishbowl syndrome." By "fishbowl syndrome," I mean the adoption of an implied set of implicitly self-evident definitions, axioms, and postulates, a set of assumptions which locates his opinions and actions outside the real universe in which the determining action of the process is actually located. He adopts implicitly, a set of axiomatic-like assumptions about his subject-area, and then seeks to pose explanations of developments within that "fishbowl," by excluding those actually determining features of Sixteenth-Century European history which he has systematically excluded from his study. His choice of area is comparable to discussing the behavior among species of fish without taking into account the existence of water.

First of all, Professor Smith ignores the crucial category of European civilization, which is to say the environment



England's King Henry VIII was a Beast-Man in the mold of the Spanish Inquisition's leading torturer, Tomás Torquemada.

within which the interactions between Henry VIII and his times are situated. Second, he, in effect, attempts to refine his notion of the nature of Sixteenth-Century Europeans from the transactions involving Henry VIII, rather than the actions within immediately preceding and contemporary European civilization upon the person and social environment of Henry. Third, he leaves out the principal, efficient actors within the scene he describes, the Venetian party which was the continuing principal influence on the history of England since the time of the Norman Conquest; that is a portion of world history without which no competent assessment of the principal developments of Sixteenth-Century England were possible.

Thus, he misses the essential clue to the most notable of the specific traits of Henry's defective character, his role as an echo of the worst beast-man of the immediately preceding two generations of European history, the Grand Inquisitor Tomás de Torquemada. He misses the surge of religious warfare out of the effects of Torquemada's bestiality, a bestiality which was a model for the pandemic of religious warfare dominating all of Europe, including Henry VIII's and his successors' England, over the interval which some historians have classed as "a little new dark age," from 1511 until the 1648 Peace of Westphalia. It was a form of religious warfare epitomized in the role of certifiable, mass-murderous, reli-

gious lunatics, including the President, his Attorney-General, and his Vice-President, in the current U.S. Cheney-Bush administration (that is, to put the name of the ventriloquist, properly, before the name of his dummy).

Since the contrast between the democratic policies of Solon of Athens and those of Lycurgan Spartan slave-society, since the pre-Aristotelean science of Thales, the Pythagoreans, and Plato, until today, the characteristic feature of globally extended European civilization has been the resistance against forms of society, such as slavery, in which some people degrade other people to the condition of herded or hunted human cattle. Since the tragic doom of ancient Athens which launched an imperial Peloponnesian War, to the present day, the struggle to free people from the imposed conditions of herded or hunted cattle, has been a conflict between empires and constitutional republics premised on the natural-law principle of the supremacy of the general welfare.

To make the point clearer, state it in another way.

What Is Human?

The essential difference between man and beast, is that mankind is capable of willful increase of his species' potential relative population-density, an increase effected through the application of the discovery of pre-existing, but previously unknown, experimentally validated universal physical, or equivalent principles. Those changes, through which the potential relative population-density of our species is increased, have the effect of the upward evolution of the human species without aid of any change in biological specificity.

Through these hypothesis-driven upgradings of the specific power of the human individual and his species, man acts in a specifically human way upon the universe. It is those changes in the expressed specific quality of man in society, which constitute the elementary notion of a specifically human quality of action, as distinct from that of any lower species.

The history of society, and of human societies, is defined in a meaningful functional sense, by the way in which societies promote, or fail to promote such improvements in the potential relative population-density of the members of our species. In the history of European civilization, the most characteristic issue is the struggle of the human spirit to throw off the burden of arrangements under which some people subject a greater number of the people to the status of herded or hunted human cattle.

Typical of the modern argument in favor of such degradation of the majority of mankind, is the Physiocratic dogma of Dr. François Quesnay, a dogma which the plagiarist Adam Smith plundered for his own 1776 attack on the U.S. Declaration of Independence, in Smith's so-called *The Wealth of Nations*. Quesnay, like Adam Smith after him, and the pro-Satanist Bernard Mandeville before that Smith, insisted that the physical profit (gain) of the estate was the miraculous fruit of the landlord's patent claim on an aristocratic title, and



The method of terror and torture used by the Spanish Inquisition, depicted here as it was carried out in Holland, was the point of departure for a whole line of Beast-Men who followed.

that the farmers and the like who worked the estate were no different, in economic and social function, than a human form of cattle.

In the long sweep of European history, from the Peloponnesian War until the founding of the modern form of sovereign nation-state republic, during the Fifteenth-Century Renaissance, the great majority of humanity was kept in the status of human cattle, to be herded or hunted as the Roman Empire, and the feudal system of Venice's partnership with the Norman chivalry characterized most of the history of all parts of Europe during the nearly half-millennium preceding the Renaissance. The struggle for the replacement of ultramontane social systems, such as the Roman empires and the Venetian-Norman ultramontane system, was the great struggle for humanity which led into the birth of the modern nation-state, as prescribed by those targets of Venetian usurers' hatred, Dante Alighieri in *De Monarchia* and, more perfectly, by Nicholas of Cusa in his *Concordantia Catholica*.

The sovereign nation-state, as pioneered in practice by France's Louis XI and England's Henry VII, is the typification of the liberation of the majority of mankind from the juridical and social-economic condition of mere human cattle. Evil, then as now, is typified by the yearning for some or

another form of "globalization" as a replacement for the institution of the sovereign nation-state as best typified today, by the Declaration of Independence and Federal Constitution of the U.S.A. Only that form of political society differentiates human beings with actual souls from what are functionally quasi-human beasts.

This is the key to understanding the history of England from approximately the accession of Henry VIII until the 1648 Peace of Westphalia. This is the key for understanding the unique genius of the creation of the U.S. republic up to the present day.

The self-inflicted downfall of the Venetian-Norman system, in the financial-economic collapse expressed as the Fourteenth-Century New Dark Age, weakened the power of the ultramontane form of imperial faction to the degree that the Fifteenth-Century Renaissance became possible. It was the development of European civilization, from the beginning of that Renaissance through that 1648 Treaty of Westphalia which launched a civilized set of relations among the nations and peoples of Europe, which has been the greatest known achievement, in all known history so far, in the improvement of the conditions of mankind on this planet. The essential feature of this revolution otherwise known as *modern European civilization*, is the systemic effort to elevate all persons to that practical condition of life above that of human cattle which is referenced by the usually misleading, trivializing, term of "individual equality."

That is key for any competent grasp of the role, and stark insanity of beast-man Henry VIII.

The rise of the power, from approximately 1480, of the beast-man Torquemada, as the Grand Inquisitor, corresponds to a resurgence of the ultramontane power of the Venetian-Norman-chivalric system, in a revived Venice's efforts to return Europe to feudal conditions of imperial organization. The sundry schisms, and related religious warfare, of that period, 1480-1648, were the weapon deployed by Venetian agents, such as Cardinal Pole, Thomas Cromwell, and Francesco Zorzi (the king's marriage-counsellor), to bring about the chaos intended to drown Renaissance Europe in its own blood.

The detailed transactions among Henry VIII and his contemporaries are merely a reflection of the principled characteristic of that 1480-1648 interval of globally extended European history: the struggle between the just-emerged modern sovereign nation-state, and the counterrevolutionary efforts of the Venice-orchestrated feudal faction seeking a return to the bestiality of the medieval ultramontane order.

The key figures of Professor Smith's account, are merely actors on the stage of a drama so composed.

Physical Geometry As Science

In modern physical geometry, as typified by the work of Bernard Riemann, no *a priori* definitions, axioms, and postulates, or their like, are tolerated. Only experimentally vali-

dated hypotheses (universal physical principles, or their like) are allowed to define the determining parameters of action within the corresponding domain. In such a configuration, it is changes in the domain (e.g., change in Heraclitus and Plato's sense) which determine the characteristic form of action with a domain-in-transition, rather than a simply fixed domain.

The collision between Cusa's *Concordantia Catholica* and founding of modern experimental science, *De Docta Ignorantia*, on the one side, and the evil typified by the influence of Venice's Cusa-hating Venetian marriage counsellor to Henry VIII, Francesco Zorzi, typifies the determining axiomatic features of both the entirety of the Sixteenth-Century histories of Spain and the Netherlands (among others), and the specific characteristics of the role of Henry VIII in his society of that time.

In contrast, Professor Lacey Smith's book is an all too typical attempt, among modern so-called historians and political doctrinaires, to locate history as percussive interactions of individuals on a flatland surface, outside the real universe.

As Kepler's uniquely original discovery of universal gravitation illustrates the relevant methodological issue of science: who moves what, and how?

It is only actions which change the physical geometry of the interactions within society, which allow us to situate competently the meaning of the role of interactions among persons in shaping the course of history of and among nations. It is the titanic struggles for change within cultures, within our universe, and the role of the individual as an actor of relevance to those universal features of the struggles, which are the permissible points of reference for the attempt to understand any part of human history, such as the imperilled U.S.A. today.

Henry VIII was thoroughly mad, and essentially an evil person, a beast-man in the same sense of the leading founder of modern fascism, Count Joseph de Maistre adored the beast-man Torquemada. To understand the history of Sixteenth-Century England from the accession of Spain's Charles I, through the accession of William of Orange, the actors must be situated on a stage in which the great civilizing forces of the Fifteenth-Century, Platonic Renaissance, and the pro-ultramontane Aristotelian-empiricist forces of unrepentant imperialism, were either moving the players on the chessboard, or, like Shakespeare and Kepler, working to change the design of the great game,

Professor Lacey Smith's vicious error, of concealing the Venetian factor, is the most important systemic feature of his book, the systemic error which vitiates his efforts at reaching conclusions and related inferences.

Professor Smith's folly is not unique. I have had to combat the same mechanistic blundering even among some notable cases of my own associates, the fact which makes the Professor's blunder notable, more than thirty years later.

Hamilton: Father of The 'American System'

by William Jones

Alexander Hamilton

by Ron Chernow

New York: The Penguin Press, 2004

818 pages, hardbound, \$35

I know nothing in recent history that under the hand of a talented writer would attract such universal interest as this; for the French Revolution is, at least for the time being, still not ripe enough for an historical treatment.

—Friedrich Schiller on the American Revolution, Letter to Johan Wilhelm von Archenholtz, July 1795

The appearance of a new biography of Alexander Hamilton, one not only well-researched and well-written, but also utilizing sources largely hitherto untapped—including 50 previously undiscovered essays written by Hamilton, and articles written anonymously for the *Royal Danish American Gazette*, the paper of his hometown in St. Croix in the West Indies—should gladden the heart of all American patriots.

I must admit that I approached the new biography by Ron Chernow somewhat gingerly. Knowing only that Chernow had made his mark by authoring biographies of the world's most prominent financiers, John D. Rockefeller, the Morgans, and the Warburgs, I had a slight premonition he might approach the subject of Hamilton as another example of these financial "magnates," that is, as the pioneer of "free trade" and the stock market, or something similar. Hamilton, as Chernow recognizes, is one of the founding fathers who has received shortest shrift by historians—and thus he is easily subject to manipulation by some right-wing ideologues. It took only a few pages' reading to discover that Chernow seemed intent on getting at the true significance of this far-sighted genius, whose life and work, more than most of the other founding fathers, made a resounding success of this experiment of the American Republic.

It is all the more remarkable to read Chernow's account of Hamilton's role in the Revolution, his work during the debates on the Constitution, and the backdrop to those great economic papers aimed at securing the economic well-being of the young and fragile republic from enemies both within and without, because so many of his accomplishments have



Alexander Hamilton's statue stands outside the Treasury building in Washington, D.C., but his significance is often overlooked.

been either forgotten or relegated to a passing comment in the history books. The slander campaign to which Hamilton was subjected at the end of his life, has also unfortunately colored his reputation for subsequent generations.

While gathering dust on the library shelves of American universities, the tradition of Hamilton had, however, been revived in the political arena during the early 1970s by economist Lyndon LaRouche, who raised the banner of Hamilton in a war with the “free market” lunatics in academia and the think tanks, then totally hegemonic in dictating policies in Washington, policies which were already veering in the direction of fascist economics. While Adam Smith's and David Ricardo's theories of the “invisible hand” and market dynamics ruled the roost in the academic debates, LaRouche was taking the American System of Hamilton to the streets, culminating in the LaRouche presidential bid in 1976. In 1977, New Benjamin Franklin House published *The Political Economy of the American Revolution*, containing the more important economic works of Hamilton, Franklin, and other representatives of the American System, as well as the works of their predecessors in Elizabethan England and Colbert's France. Since that time, LaRouche has carried the tradition of Hamilton to the international arena in his ongoing battle against the free market lunacy of the International Monetary Fund and

international financial institutions, which are using Adam Smith's “invisible hand” to strangle entire nations by forcing down their throats massive austerity policies. In that sense, the revival of Hamilton in the political arena has long preceded his revival in the intellectual fora, but the recent publication of books dealing with various aspects of Hamilton's system, including Chernow's comprehensive biography, may indicate that a real barrier has been broken in that respect.

Although Chernow clearly does not understand Hamilton's place in the Cameralist/Colbertist economic tradition that created the American System of Political Economy, his book is an important contribution to showing how central Hamilton's vision was to the creation of our Republic.

Humble Origins

Hamilton was born on the island of Nevis in the West Indies in 1755, in very constrained circumstances, Hamilton's mother, Rachel, having fled an unhappy marriage to a Danish fortune hunter on the island of St. Croix, fled to the island of St. Kitts where she took up a relationship with James Hamilton, a down-and-out member of the Scottish Hamilton clan. Since she had not been granted a divorce by her first husband, it is doubtful the new couple had been married when they had their second child, Alexander. When the young Alexander was 11, his father would desert his mother, and his mother would die a year later. Hamilton's presumed illegitimacy would follow him throughout his career, being wielded against him by his enemies especially during the final, tumultuous years of his life. Establishing himself on the island of St. Croix as a merchant's assistant, the largely self-educated Alexander finally succeeded in pulling together the necessary funds, largely from charitable contributions from friends on the island, to emigrate to the mainland to attend college.

He began his studies at King's College in New York (later Columbia University) in 1773 or early 1774, taking a Classical curriculum combined with math and science. An exceptionally bright student, progressing rapidly in his studies, Hamilton developed a keen interest in history and had a lifelong fascination with Plutarch, taking many of his numerous *noms de plume* from characters out of Plutarch's *Lives of the Noble Greeks and Romans*. Here he developed his first friendships which would serve as his entree into local New York, as well as national politics.

He was quickly swept up in the ferment sweeping the country over the many flagrant encroachments on the liberties of the colonists by the British Crown, leading to the Boston Tea Party, when the Massachusetts colonists dumped the heavily taxed British tea into the Boston harbor. Already Hamilton had entered the lists from his university perch as a pamphleteer supporting the colonists' cause.

When British troops landed in Boston to quell the rebellion on April 18, 1775, the first shots at Lexington rang out, the “shot heard around the world,” which would lead to the opening of hostilities between the colonists and the British Army. When the British sent an armada to Manhattan, Hamil-

ton, together with other volunteers from King's College, helped save some cannon from falling into British hands, succeeding in launching a volley or two at one of the British warships before they were forced to retire with the guns.

Hamilton first lent his services to the revolutionary cause as a publicist, and, although he always felt that his proper post was in the field at the command of troops, his pen would ultimately prove to be his most powerful weapon. Writing for the *New-York Journal*, Hamilton helped to mobilize support for the revolt in the heavily Tory New York City, dashing off an essay a week, under the caption of the "Monitor," while continuing his studies in law and attending drills in the St. Paul's churchyard each morning. The rapid onset of the American Revolution, however, left him little time to complete his studies, and he never formally graduated from King's College.

Launching a Military Career

On March 14, 1776 Hamilton was appointed captain of a company of artillery by the Continental Congress. He whipped his company, volunteers whom he himself recruited, into shape, becoming one of the most impressive units of the period.

Hamilton served in the Continental Army in the futile attempt to defend New York City at the Battle of Brooklyn Heights, and at the Battle of White Plains. It was here that George Washington first came into contact with the young captain, then barely 21 years old, and quickly noted Hamilton's gifts as an officer. Hamilton would also serve with Washington at the battles of Trenton and Princeton, where American forces succeeded in catching British units by surprise and routing them. It was at this time that Hamilton was invited by Washington to serve as his *aide de camp*.

Hamilton would become a part of what effectively became Washington's "youth movement," which would include, beside the 21-year-old Hamilton, the 19-year-old French major general, Marquis Gilbert de Lafayette, and John Laurens, the son of Henry Laurens, a leading South Carolina planter, and close friend of Washington. The three very close friends were soon designated the "Knights of the Revolution." They would serve in key roles in Washington's conduct of what became a guerrilla war against the overpowering might of the British Army, a strategy which the young Hamilton had already propounded in a youthful essay while still at King's College.

Hamilton quickly transformed his position as Washington's *aide de camp* into that of a veritable chief of staff. He maintained a liaison with the New York Committee of Correspondence, and kept regular contact with important New York political figures, briefing them on the progress of the campaign. He would ride with Washington in combat, go off on diplomatic missions, deal with recalcitrant generals, sort through intelligence, interrogate deserters, and negotiate prisoner exchanges. Hamilton would pen most of Washington's orders, and handle much of his correspondence during the

war, developing such an intellectual rapport with the General that he could often figure out on his own what Washington would want done in any particular situation, and, if necessary, often issue the orders himself, confident in Washington's backing for the measures he recommended.

At Valley Forge, Hamilton suffered all the rigors undergone by the remnants of the Continental Army encamped there. It was here that the young man began to investigate what would become the real study of his life, examining the economic conditions of the colonies, noting the difficulty they had in acquiring clothing or ammunition because of their total reliance on England for these goods. There's nothing like war conditions to sharpen the sense of economic necessity.

The Winter encampment in 1779 at Morristown, New Jersey, was in many ways a more difficult Winter than at Valley Forge, and it was then that Hamilton began to seriously develop his own ideas on forging an economic system for the nation.

In a letter to an old college classmate, James Duane, Hamilton outlined a 12-point program for instituting a stable financial system, a program which contained a ruthless criticism of conditions under the Articles of Confederation. Hamilton called for the creation of a national bank, owned half by the government, and half by private individuals, which could issue money and make public and private loans. He argued for taking foreign loans in order to augment the funds garnered by taxes and domestic loans in order to fully finance the war. He also favored granting Congress supreme power in war, peace, trade, finance, and foreign affairs. In order to accomplish this, he urged that a convention be called to revise the Articles of Confederation.

This was a precursor of his later career in government, but young Hamilton still had his eye on military glory. When General Washington refused to release him to a field command, Hamilton got testy, and ultimately resigned from Washington's staff, and almost from the army entirely. His chance came when the second French fleet, under Comte de Grasse, moved up the Chesapeake Bay in 1781, providing the opportunity for the Continental Army to strike a mortal blow at British General Cornwallis. Washington yielded to Hamilton's demands, and appointed him commander of three battalions, to take Cornwallis' redoubt. In a daring nighttime attack on Oct. 14, 1781, two columns, the left one being led personally by Hamilton, stormed the British redoubts in a bayonet charge. Yelling wildly and cheering, the men took the redoubt. Hamilton had achieved his military glory!

The Battle for the Constitution

Then Hamilton's real battle began, the battle for consolidating, and creating, a nation.

Leaving military service with the disbandment of the Continental Army, Hamilton set about finishing his law studies, and having a family. He was still engaged in his pamphleteering for a new convention to revise the Articles of Confederation, and was appointed a member of the New York delegation

to the Continental Congress. Here he first came into contact with James Madison from Virginia, with whom he would collaborate in winning popular support for a new Constitution. Later Madison would renege on the very principles that he, together with Hamilton, had elaborated to weave the fabric of the new nation.

But now the two were working as a team. They introduced a measure to levy a 5% duty on all imports in order to give the Confederate Congress autonomy in money matters. They issued a joint statement, in Hamilton's hand, reiterating the importance of public credit to national honor.

When ex-officers of the Continental Army started to demonstrate in Philadelphia demanding back-pay, Hamilton used the occasion to renew his call for a convention to revise the Articles. In this he went against the calls of many who were for moving away from a central government. Thomas Jefferson proposed that the "constant session of Congress" be replaced by a simple committee!

The events leading to the convocation of a Constitutional Convention began with the Annapolis convention, which had been called to resolve a boundary dispute between Virginia and Maryland regarding navigation on the Potomac River. New York appointed a delegation of six commissioners, only two of whom, Alexander Hamilton, and his friend Egbert Benson, actually attended the gathering in September 1786. The overall turnout was not large either, consisting of only 12 delegates from 5 states, but the convention was pregnant with significance for the future of the young republic. Also attending on behalf of Virginia was James Madison. Madison had requested of Thomas Jefferson, who was now a minister to France, books on politics and history in order to learn precedents about republics and confederations.

The discussion soon turned to fundamental flaws in the Articles of Confederation. The delegates came to the conclusion that they would urge the states to send delegates to a convention in Philadelphia the following May, in order to amend the Articles. Hamilton drafted the appeal.

When the Philadelphia convention was held the following Spring, Hamilton was again one of the delegates from New York. Their mandate was simply to revise the Articles of Confederation, not to create an entirely new system of government. But by that time Hamilton had combined with Madison to bring about a necessary shift which would lead to the establishment of a new nation.

While Hamilton participated in the convention, and did make some strategic interventions, he did not play a public role in shaping the outcome. The two other New York delegates rarely voted with Hamilton. Since a state could cast its vote only if two of the delegates agreed, Hamilton often became a non-voting member of the convention. The abolitionist Hamilton was unhappy about the compromises made over slavery in the final draft, but, realizing the impossibility of changing it at that point, he became the primary advocate of the final draft. After almost four months of heated debate, the Constitution was signed by 39 delegates from 12 states.

The battle for ratification by the states would now begin in earnest.

The Pamphleteer

It is no exaggeration to say that, if it had not been for Hamilton's work, the Constitution would never have been ratified.

The publication of the Constitution came to many as a shock. Thanks to Hamilton's foresight, the proceedings of the convention had been kept secret. When the results were published, many were surprised that the old union of the Articles of Confederation had been replaced by a far bolder concept.

Now Hamilton, conferring with his New York colleague John Jay, invited Madison and William Duer, an old friend of Hamilton's, to publish a series of pamphlets, explaining and defending the new Constitution. The initial aim of the pamphlets, later published as the *Federalist Papers*, was to affect the selection of delegates to the Ratifying Convention in Hamilton's home state of New York, where he knew that it would be a tough battle. The topics were divided among the three of them, with Madison writing on the history of republics and confederations, Jay on foreign relations, and Hamilton on the Executive and the Judiciary, and some sections on the Senate. Duer provided only two of the papers. With an eye to future developments, Hamilton also dealt with military matters, and taxation. The majority of essays came from Hamilton's pen, and he also served as the chief editor.

The *Federalist Papers* were to have a much more profound effect than originally envisioned. They were to be critical to the outcome not only in New York, but also in Virginia, the two states indispensable to the new union's long-term existence. Nine states had to ratify the Constitution before it would come into effect. Elected as a delegate to the New York Ratifying Convention in Poughkeepsie, Hamilton became its primary defender. The opposition to ratification led by New York Gov. George Clinton included Hamilton's fellow delegates to Philadelphia, Robert Yates, and John Lansing. When word came to Poughkeepsie that a ninth state, New Hampshire, had ratified the Constitution, reaching the quota needed to make it the law of the new union, Hamilton warned that New York's refusal would condemn it to isolation and decay as the new union was formed. When Virginia shortly afterwards also ratified the Constitution, the only hold-outs, aside from New York, were North Carolina and Rhode Island. But the Clintonites were still adamant, willing to provoke civil war rather than ratify. Finally on July 26, 1787, one delegate, Melancthon Smith, spurred on by Hamilton's warnings that New York City would secede from New York State if it remained outside the new union, changed his vote, and urged ratification.

Again at Washington's Side

The successful ratification was, however, only the first step in forging the nation. If it were to survive in its new



The First National Bank of the United States, which Hamilton fought to establish as a means of providing credit for industrial development, was located in Philadelphia, and still stands today.

form, there would have to be chosen an Executive who could effectively bring the country together. It was generally understood that there was only one person who had the capability of doing that—and that was George Washington. Hamilton convinced the reluctant General, who had retired to his estate in Mount Vernon, to accept the new historic task.

In choosing his Cabinet, Washington first turned to Robert Morris as his choice for Secretary of Treasury. Morris had been the chief financier of the Revolution, and was well-versed in financial matters. Morris declined, and recommended Hamilton, much to Washington's amazement, who knew little of his former *aide de camp's* financial acumen. Washington appointed Hamilton, and the new Treasury Secretary immediately jumped into his new post with great zeal.

Within a short time, Hamilton was supervising the biggest department of the government, with 39 employees. He immediately set up a customs service by which he hoped to help finance the expenses of the new government. In one of his earliest forays into the field of economics, Hamilton had pointed to the successful models of trade developed under England's Queen Elizabeth and France's Colbert. Hamilton was especially interested in the experience of other countries with regard to their use of excise taxes, and the public debt in financing economic expansion. Shortly after his appointment, Hamilton began to produce the first of his famous reports that would lay the basis for what would become the American System of political economy, *The Report on the Public Debt*.

Contrary to those who wanted to completely pay off the debt of the United States, or even repudiate it, Hamilton saw it as the irreplaceable means for providing the funds needed to transform the United States from an agricultural into a manufacturing nation. In particular, Hamilton wanted to increase the debt of the new Federal government by taking upon itself the debt of the individual states, a move which, more than any other measure, would bind the states into one sovereign body. Instead of paying off the debt, and thereby bankrupting the country, Hamilton proposed a sinking fund, which would permit the retirement of the debt at the rate of 5% per year.

The report created a furor, and not only from those "deficit hawks" for whom the idea of a public debt was anathema. Much of the government debt had been held by Revolutionary War soldiers. In dire straits, many of them had sold their debt to speculators far below the nominal price. With Hamilton's new scheme, the present holders of the debt would make a killing, many thought at the expense of the veterans who had been forced to sell. Hamilton was concerned that not honoring the debt to the present holders would undermine the integrity of the contract freely entered into, albeit under the pressure of financial necessity. If other nations did not see such contracts being honored, they would not be willing to give loans, and Hamilton's whole scheme would be undermined. While sympathetic to the veterans who would be the losers, Hamilton realized that there were bigger stakes involved. Among the opponents to the measure was Hamilton's old colleague, James Madison. The friendship would go downhill from this point on.

Most adamant was Madison's opposition to the assumption of state debts. His state, Virginia, had paid off most of the debt accumulated during the Revolutionary War, as had most of the southern states except South Carolina. Madison saw no advantage for Virginia in letting the national government assume this dwindling burden. In fact, the greatest financial gain would be had by the northern states. Much of the war had been fought in the North, and these states had therefore accumulated significant debts, which they had not yet paid. The South generally saw little benefit in Hamilton's plan.

Ultimately, Madison was won over to the Assumption Plan by a compromise on the location of the national Capital, a compromise brokered by Thomas Jefferson.

Hamilton then plunged into implementing his program. He established a fleet of revenue cutters to patrol offshore waters and intercept contraband—the beginning of the Coast Guard. He also encouraged the public to use homegrown cloth for sails rather than foreign fabrics, previewing his later call for promoting domestic industries. Three quarters of the revenues gathered by the Treasury Department came from commerce with Great Britain. A trade treaty with Great Britain was therefore seen by Hamilton as necessary to the prosperity of the United States.

It was also at this time that he began work on the second major stage in his economic development program, the creation of a national bank.

A bill to charter the Bank of the United States for 20 years passed the Senate with little opposition on Jan. 20, 1791. As the bill entered the House, however, the opposition of Madison caused a brawl. Madison viewed the bank with the jaundiced eye of the Southern planter, considering banks the nefarious tools of the urban merchant class. Hamilton denied any bias, insisting that where banks had been established, they had "given a new spring to agriculture, manufactures, and commerce."

The most serious argument of Madison, reversing a posi-

tion he had held while writing the *Federalist Papers*, was that such a bank was not specifically authorized by the Constitution, thus exhibiting the features of what would later be characterized as a “strict constructionist” view of the Constitution. He was joined by Jefferson, who also railed against the “mercantile power.” Washington, concerned by the vociferous opposition to the bank, grew wary. Hamilton wrote a defense of the bank on Constitutional grounds, even citing from Madison’s portions of the *Federalist Papers* in its defense. Chernow points out the ironies of the situation: Jefferson and Madison, the agrarian slave-holders, portraying themselves as the defenders of the “common man,” while attacking the abolitionist Hamilton as the lackey of the “moneyed classes.”

Hamilton was the first to express the notion of the “implied powers” of the Constitution. In Hamilton’s words, “It is not denied that there are *implied* as well as *express* powers, and that the former are effectually delegated as the latter.” Furthermore, he argued that “every power vested in a government is in its nature *sovereign*, and includes by *force* of the *term* a right to employ all the *means* requisite and fairly *applicable* to the attainment of the *ends* of such power” [emphasis in original]. Jefferson’s and Madison’s strict constructionist views, argued Hamilton “would furnish the spectacle” of a “people governed without government.” The Bank of the United States, Hamilton argued, would enable the government to make good on four powers cited explicitly in the Constitution: the rights to collect taxes, borrow money, regu-

late trade among states, and support fleets and armies. Convinced by Hamilton’s cogent arguments, Washington signed the bank bill into law. Hamilton’s views would often be cited in many landmark decisions by the Supreme Court.

Hamilton’s bank proposal had a bit more success than he bargained for, as speculators, counting on its passage, moved to buy shares in it, thereby driving up the price to a very dangerous level. Hamilton, with the precedent of a South Sea Bubble ever-present in his mind, had to take action, through his friends at the Bank of New York, to stop the speculation. So much for the fraud that Hamilton was “pro-speculation.”

To Provide for the General Welfare

The ultimate purpose of banks and finance for Hamilton was to transform the United States into a manufacturing power. His explicit program for doing this was the subject of his next report to Congress, the 1791 *Report on Manufactures*. Prior to writing this report, Hamilton did an intensive study of the state of manufacturing by quizzing manufacturers, and his revenue collectors, about prices and quality, the volume of goods, the spurs and checks to production provided by state governments. He even gathered samples of American production, wool from Connecticut, carpets from Massachusetts, laying these out in the committee room of the House of Representatives, to explain to the legislators his concept.

In the *Report on Manufactures*, Hamilton attacked the French Physiocrats, who, similar to the Southern agrarians around Jefferson, believed that all value came from agricultural production. He also argued against the claim of the Southerners that manufacturing would harm agriculture, pointing out rather that it would create a new market for surplus crops, and provide tools for increasing agricultural productivity. Hamilton also pointed to the fact that the United States was primarily an agricultural nation, not because of its natural geography, but rather because of the desire of Great Britain, the prime supplier of U.S. manufactured goods, to maintain its monopoly. It was precisely those trade practices, encapsulated in Adam Smith’s *Wealth of Nations*, which Hamilton had studied in depth, that he wished to undermine.

The Report also urged a policy of encouraging immigration to the United States in order to win for the new republic people with the skills that would help to transform the United States into an industrial nation. Among Hamilton’s list of the advantages of manufacture were: “Additional employment to classes of the community not ordinarily engaged in the business. The promoting of emigration from foreign countries. The furnishing of greater scope for the diversity of talents and dispositions which discriminate men from each other. The affording of a more ample and various field for enterprise.”

It was the purpose of government, Hamilton felt, to use its power to promote this development. “Infant industries needed the extraordinary aid and protection of government,” Hamilton wrote. Such measures as premiums, bounties, and import

DO YOU KNOW

- that the American Revolution was fought *against* British “free trade” economics?
- that Washington and Franklin championed Big Government?
- that the Founding Fathers promoted partnership between private industry and central government?



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duties to protect these infant industries, a reasonable tariff policy to prevent “dumping” of cheaper foreign goods, expanded patent protection to inventors, were among those proposed.

In addition, Hamilton called for government promotion of “internal improvements,” building roads and canals, and the infrastructure needed for manufacturing to function. In order to justify this role for government, Hamilton made the first significant use of the General Welfare clause of the Constitution, which gives Congress authority “to provide for the common defense and general welfare.” This would set an important precedent for Franklin D. Roosevelt’s policies a century and a half later.

When he issued his report, Hamilton had already become involved in a practical effort to promote manufactures, being one of the founding members of the Society for Establishing Useful Manufactures,” considered by one historian to be “the most ambitious industrial experiment in early American history.” The SEUM set up the first experimental industrial city in Paterson, New Jersey, remnants of which can still be seen today.

The British tried to maintain tight control over their industrial monopoly, forbidding export of any tools that might assist in the manufacture of cotton, linen, wool, and silk, and imposing secrecy on people employed in those industries. British manufacturers had also impeded American efforts to make hats, nails, steel, and gunpowder. Hamilton, and a collaborator on the *Report on Manufacturers*, the industrialist Tench Coxe, arranged to entice over workers from the British textile industry, in order to get them to reveal some of the “secrets of the trade.” In this way they were able to set up a textile mill in the United States based on the British Arkwright mill, which had until then held a virtual monopoly on textile production. Today this would no doubt be characterized as “industrial espionage.”

Hamilton’s *Report on Manufactures*, unlike his earlier reports, was never acted upon, but rather shelved by the House of Representatives. The long-term effect of the Report, however, would be to transform the United States into the greatest industrial power in the world.

The Growth of Faction

The years that followed the publication of the three famous reports would be the most turbulent in Hamilton’s career. Washington was re-elected in 1792. The onset of the French Revolution in 1789, which, under the hand of the remarkable Lafayette and Jean-Sylvain Bailly, might have become a replica of the American Revolution on European soil, was subverted by British insurgency operations, and transformed into the bloodbath which led to the destruction of the intellectual and political elites of France. Lafayette himself escaped the guillotine, but ended up in an Austrian jail. Another observer of these frightful political events, the German poet Friedrich Schiller, four years younger than the U.S. Treasury Secretary, would characterize it as a “great

moment that found a little people.” Hamilton also was appalled at the course this “revolution” had taken, calling it “a state of things the most cruel, sanguinary, and violent that ever stained the annals of mankind.” He was also furious over the way the events were being defended by Jefferson, still serving as Washington’s Secretary of State, and Madison, the head of a pro-Jacobin faction in the United States.

Hamilton was concerned by this development on more than moral grounds. In April 1793, revolutionary France had declared war on Great Britain. If this faction could successfully bring the United States into alliance with the new regime in France, it could mean war with England. And Hamilton’s whole plan for the successful development of the industrial power of the United States was based on maintaining the needed trade with Great Britain, the taxes on which were financing his program. He detailed John Jay as an envoy to Great Britain in order to quickly negotiate a trade agreement with the former adversary.

The acceptance of an envoy from the new revolutionary French government also caused a major domestic crisis. The envoy, Edmond Charles Genet, known more popularly by his revolutionary epithet, Citizen Genet, was intent on bringing America into their conflict with Great Britain. Genet was provided with “letters of marque” issued by the French government, which allowed him to convert private U.S. vessels into privateers which were then to maraud British merchant ships. When Genet was reprimanded for his actions, he threatened to appeal to “the people of the United States.” This brazen interference in the internal affairs of the United States was too much for Washington. At the request of the Administration, Citizen Genet was recalled. But by a fluke of history, developments in France had gone against Genet’s affiliates in Paris, and any return would probably have led him to the guillotine. Understanding this, Hamilton urged Washington to let Genet remain in the United States, but as a private citizen.

At this point, the knives were out. By the end of the year, Jefferson had left Washington’s Cabinet. Jefferson and Madison were now fully intent on destroying Alexander Hamilton, and his system.

During the latter part of the Washington Administration, Hamilton did get his treaty with Great Britain, the Jay Treaty, which then fueled accusations that Hamilton and the Federalists were in the pocket of the British monarchy. Ironically, aside from its economic advantages, the successful negotiation of the Jay Treaty propelled the Spanish, who were considering an alliance with France, and feared an invasion by the British, to drop their objections to American demands for free navigation for Americans on the Mississippi, and sign a treaty which assured that right. The new treaty with Spain, the Pinckney Treaty, also put on hold the Spanish intrigues to annex parts of the Kentucky and Tennessee territory. More importantly, the Jay Treaty removed the final British troops from the posts in the American northwest, thus securing the territorial integrity of the United States.

A Scurrilous Campaign To Defame Hamilton

By the end of 1794 Hamilton also tendered his resignation, and left under a cloud. Hamilton had had, while Treasury Secretary, an affair with a woman of a rather dubious reputation, Maria Reynolds, who came to him seeking aid. Was Maria Reynolds an attempt to set up the Treasury Secretary for a scandal, or did Hamilton simply fall for the wiles of a very disturbed young lady and her scheming husband, which was then used by his enemies, to blackmail and ultimately destroy his reputation? The whole episode brings to mind the Monica Lewinsky scandal, whose real origins are still shrouded in some mystery. Whatever the case may be, the Maria Reynolds affair, when it was first brought to the attention of Jefferson and his Republican cohorts, was used by them to get at Hamilton.

The scandal initially did not concern sexual misconduct. The knowledge that Hamilton had paid money to the husband of Maria Reynolds in order to prevent the affair from being made public was initially portrayed as a “sweetheart deal” by a dishonest Treasury Secretary eager to enrich a friend. The Reynolds affair also hung over Hamilton’s head as a sword of Damocles were he to have any ideas about running for the Presidency. The rumor campaign ultimately forced Hamilton himself to publicly expose the affair, in order to clarify the true background of the payments he had made from his personal funds in order to keep James Reynolds quiet.

When Washington decided not to run for a third term in 1796, John Adams, Washington’s Vice President, was chosen as the Federalist candidate, and was elected President. Jefferson, now having formed his own Democratic-Republican Party, was elected Vice President. Hamilton’s final statement on the direction of the country was eloquently formulated in Washington’s famous Farewell Address, a document which Hamilton, unbeknownst to most people, had largely authored. Its call to avoid “entangling foreign alliances,” was a reiteration of his warnings with regard to the ongoing moves to pull the United States into the French camp—and war with Great Britain. Hamilton, whose relationship with Adams up to that time had been difficult at best, did not hold office during the Adams Presidency, but remained the effective head of the Federalist Party, and most of the members of the Adams Cabinet were close to Hamilton, a fact which Adams did not appreciate. The growing animosity between the two would ultimately spell the doom of the Federalist Party.

By 1798, France was confiscating U.S. merchant vessels, leading to the Quasi-War between the United States and France. A trade embargo was imposed on France, and U.S. naval vessels were empowered to attack any French vessels that were threatening American shipping. Many expected a French invasion, and an army was being mobilized. While Hamilton expected to be named the commander of the force, Adams balked, appointing the aging Washington instead as commander, and naming Hamilton inspector general. This slight caused even more bad blood between the two.



Traitor Aaron Burr, then Vice-President of the United States, picked a duel with Hamilton, and shot him dead in the Summer of 1804.

As the elections of 1800 approached, the enmity between Hamilton and President Adams came to a boil. An outraged Hamilton began to move to prevent the re-election of Adams, organizing support instead for South Carolina Federalist Charles Pinckney. The infighting ensured that neither Pinckney nor Adams would get elected. That left the victory to the Democratic-Republicans.

Vice President Jefferson was now running for President, while Aaron Burr was running for Vice President. Both received 73 electoral votes. Hamilton had tangled with Burr, who had long been active on the New York political scene, and recognized him as a dangerous intriguer. Burr had set up a firm in New York, the Manhattan Company, ostensibly to provide clean water to New York City. The whole operation was, however, being run by an Anglo-Dutch company, the Holland Company, as a financial scam against Hamilton’s Bank of New York.

At a certain point, the treacherous Burr had donned the garb of a Federalist supporter in order to curry favor among some of New York’s financial circles. Prior to the 1800 elections, Burr returned to the Republican camp, and won a spot on the ticket with Jefferson because of his ability to garner Republican votes in New York state.

Hamilton abhorred Burr as a mortal threat to the nation, and when rumors reached him that some Federalists would prefer Burr to Jefferson, Hamilton was furious. In a contest between these two men, Hamilton was prepared to accept Jefferson as the lesser of two evils. “There is no circumstance which has occurred in the course of our political affairs that has given me so much pain as the idea that Mr. Burr might be elevated to the Presidency by the means of the Federalists,” Hamilton told Oliver Wolcott, his successor at the Treasury

post. Jefferson, he said, “is by far not so dangerous a man and he has pretensions to character.”

As the tied election then went to the House of Representatives, Hamilton was prepared to lobby against Burr. He wanted assurances from Jefferson, however, that, when elected, he would maintain the present system as regards public credit, a navy, and neutrality. Although Jefferson always denied that he had ever made a deal on the issue, evidence does indicate that he conceded on those points, later to renege on some of them. In his Inaugural Address, Jefferson agreed to honor the funding system, the national debt, and the Jay Treaty.

The Last Battle

Aaron Burr soon tired of his role as Vice President. Jefferson, aware of Burr’s double-dealing, kept him at arm’s length. The ambitious Burr, who attributed his failure to win the Presidency to Hamilton, was already looking for more profitable pursuits.

When Jefferson successfully negotiated the Louisiana Purchase in 1803, the territory of the United States was effectively doubled. Many Federalists were, however, upset by this sudden growth of U.S. territory. There was a conspiracy among some Federalists in New England, spurred on by the British, that they ought to secede from the Union, and form a northern confederation. Seeing the danger, Hamilton then exerted all his efforts into thwarting any such attempt.

Burr decided to use the treasonous faction in New England to his own advantage. He began to moot among his old Federalist friends in New York, the possibility of his running for Governor of New York. As soon as he got wind of this, Hamilton swung into action, writing pamphlets and articles against a Burr candidacy. When Burr did throw his hat in the ring, Hamilton swung his support to another old foe, Chief Justice Morgan Lewis, an ally of the New York Livingston clan, and long-time opponent of Hamilton, just in order to prevent the Burr election.

This sent Burr into a rage. Burr challenged Hamilton to a duel. Hamilton, who abhorred dueling (he had lost one son recently in a duel) nevertheless felt compelled, as a man of honor, to fight. When the duel was held in Weehawken, New Jersey, on July 11, 1804, Hamilton raised his pistol, but purposely fired too high. Ordinarily, in such circumstances, the opponent would do likewise or, at most, try to lightly wound his opponent, and the appropriate apologies would follow. But Burr was out for blood. He had been training for days with a pistol. Whether because he was in a rage or whether he was operating on the behalf of more sinister forces, Burr shot and fatally wounded Hamilton. Hamilton died several days later, and was buried at Trinity Church in Lower Manhattan. Burr would escape justice for the murder, protected by his New York friends, and would go on to more nefarious plots to destroy the United States. Later, Burr would stand trial for

treason, but would succeed in getting away with treason as well as murder.

Achievements Lived On

While his political career was thus cut short by an assassin’s bullet, Hamilton’s achievements had already become such an integral part of the political fabric of the nation that they lived on long after him. When Jefferson appointed Albert Gallatin Treasury Secretary, he ordered him to look for papers at the Department, which would “uncover the blunders and frauds of Hamilton.” The Swiss-born Gallatin, a collaborator of Burr, who had long been a strong opponent of Hamilton since he had helped foment the the Whiskey Rebellion against Hamilton’s policies in Pennsylvania, had to admit that he could find no wrong-doing. “I have found the most perfect system ever formed,” he told a disappointed Jefferson. “Any change that should be made in it would injure it. Hamilton made no blunders, committed no frauds. He did nothing wrong.” While Gallatin’s policies helped reverse much of what Hamilton had accomplished, when the First Bank of the United States came up for renewal of its charter, Gallatin recommended that it be renewed as it had “been wisely and skillfully managed.” Even its opponents recognized the usefulness of the Hamiltonian system.

“Little Jemmy” Madison, as he was called by his detractors, would allow the charter of the Bank to run out, thus preventing any financing of a suitable military force. When the British, during the War of 1812, landed in Maryland, they therefore met little resistance. Madison was forced to flee on horseback through the Virginia countryside to avoid the British troops who had just set fire to his home. At the conclusion of the War of 1812, a somewhat chastened Madison would recant, and establish the Second Bank of the United States. John Marshall, appointed by Adams as the Chief Justice of the United States, would use the principles laid out by Hamilton to provide the government with the powers needed to maintain American prosperity and stability. In his review of Washington’s papers while preparing to write a biography of the first President, Marshall declared Hamilton “the greatest (or one of the greatest men) that had ever appeared in the United States.”

It is a tribute to Chernow’s *Alexander Hamilton* that this much-maligned man will now be made more widely available to a new generation of readers. As the nation and the world descend into the most dangerous financial crisis in our history, we must learn to grasp the policies of Hamilton, not as a simple understanding of important events in the past, but as a powerful political tool in the present by which we may shape the destiny of nations. The LaRouche Platform for the Democratic Party, combined with his call for a New Bretton Woods system in the international arena, would provide us with the means, as did Hamilton’s famous reports, to bring our nation back on the road of real economic progress.

The Big Lies Are Falling Apart

The most oft-repeated lies are doomed to collapse in the face of reality. Such is the fate of some of the leading untruths which have been promulgated by the Cheney-Bush Administration over the last months, in the desperate hope of holding things together for the Republican re-election campaign. The collapse of the phony facade has been dramatic.

Most stunning is the situation in Iraq. Since the time of the “handover” of power from the United States to the Iraqis in late June, the official story was that all was proceeding well, except for the resistance of Moqtadar al-Sadr’s Mahdi Army. But reality was that the entire nation was in a state of insurrection, which the U.S. and their British allies, all 140,000 troops, could do nothing about. Every time the occupiers left their bases to try to do something, they would encounter resistance from a population enraged about the destruction of their living standards.

With the arrival of Grand Ayatollah al-Sistani back in Iraq, and the mobilization he was able to muster in order to prevent an assault on the Imam Ali shrine, the reality of who has power, and the allegiance of the people in Iraq, is finally clear. As in the 1920 revolution against the British occupation, the Iraqi people are largely united against their perceived common enemy. The Bush Administration has blown it totally.

Not far behind is the collapse of lies about the “economic recovery.” The building momentum of the anti-austerity demonstrations to Europe has cracked the illusion that the bankrupt financial system is under control, and the international financiers are finding it impossible to contain the damage. Anti-austerity protests are expected to break out imminently in France, and there is reason to believe that the unrest will also surface soon in the United States. Try as they might, the statisticians have been unable to hide the fact that this “jobless recovery” has been exposed as what it is: a collapse of jobs in the midst of physical economic disintegration.

Coming on the eve of the Republican National Convention, this reality is not making the Administration happy.

But their other carefully prepared media lies are imploding as well. Remember the Administration’s story about the torture (they called it “abuse”) at Abu Ghraib being the work of a few low-level Military Police screwing around on the nightshift? Now read the Schlesinger and Fay reports, and get a picture of the systemic, top-down policy of using physical coercion, specifically banned by the Geneva Conventions, to “break” the prisoners under their control. It was always a very transparent lie—but now, even that has broken apart.

And then there’s the most bizarre lie of all—the scam being run by the so-called Swift Boat Veterans for Truth. This attack on John Kerry’s war record has now blown up in the face of the Bush-Cheney campaign. On Aug. 25, the second leading member of the Bush-Cheney election campaign, this time the general counsel, was forced to resign, because it turned out that he was also the attorney for the Swift Boat group. What idiots!

It’s amazing that they thought they could get away with this attack campaign to begin with. Discussion of Vietnam service immediately brings up the question of what George W. Bush and Dick Cheney were doing back in the late 1960s and early 70s. Cheney got five draft deferrals, and dodged service altogether, while Bush used his father’s connections to get into the Air National Guard. While Kerry was earning a silver star, Bush was getting silver fillings; the only evidence he showed up during one year of his Guard Service, was his visit to the dentist!

Put it all together, and the future is not looking bright for the Cheney-Bush team. Which raises the question of whether they will find some new war, or terror incident, to create a climate for cancelling the election, or steamrolling the vote. And, more importantly, the question of whether the Democratic Party will rise to the requirement of mobilizing the “forgotten men and women” of the country into the kind of fight required to take the nation back for FDR-style principles. Reality, and justice, always require human intervention, in order to prevail.

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Tuesdays—6:30 pm

• SANDIEGO Ch.19
Wednesdays—6 pm
• SANTA ANA
Adelphia Ch.53
Tuesdays—6:30 pm
• STA.CLAR.VLY.
T/W & AT&T Ch.20
Fridays—1:30 pm
• SANTA MONICA
Adelphia Ch. 77
Thursdays—4:30 pm
• TUJUNGA—Ch.19
Mondays—8 pm
• WORCESTER—Ch.13
Tue—8:30 pm
Wednesdays—7 pm
• VENTURA—Ch.6
Adelphia/Avenue
Mon & Fri: 10 am
• WALNUT CREEK
AT&T Ch.6
2nd Fridays—9 pm
Astound Ch.31
Tuesdays—7:30 pm
• W.HOLLYWOOD
Adelphia Ch.3
Thursdays—4:30 pm
• W.SAN FDO.VLY.
Time Warner Ch.34
Wed.—5:30 pm

CONNECTICUT

• GROTON—Ch.12
Mondays—5 pm
• MANCHESTER Ch.15
Mondays—10 pm
• MIDDLETOWN—Ch.3
Thursdays—5 pm
• NEW HAVEN—Ch.29
Sundays—5 pm
Wednesdays—7 pm
• NEWTOWN/NEW MIL.
Cablevision Ch.21
Mondays—9:30 pm
Thursdays—11:30 am

ILLINOIS

• QUAD CITIES
Mediacom Ch.19
Thursdays—11 pm
• PEORIA COUNTY
Insight Ch.22
Sundays—7:30 pm
• SPRINGFIELD Ch.4
Mon-Fri: 5-9 pm
Sat-Sun: 1-5 pm

INDIANA

• BLOOMINGTON
Insight Ch.3
Tuesdays—8 pm
• DELAWARE COUNTY
Comcast Ch.42
Mondays—11 pm
• GARY
AT&T Ch.21
Monday-Thursday
8 am - 12 Noon
• KENTUCKY
• BOONE/KENTON
Insight Ch.21
Mon: 4 pm; Sat: 5 pm
• JEFFERSON Ch.98
Fridays—2 pm

LOUISIANA

• ORLEANS PARISH
Cox Ch.78
Tuesdays & Saturdays
4 am & 4 pm

MARYLAND

• ANNE ARUNDEL
Annapolis Ch.20
Millenium Ch.99
Sat & Sun: 12:30 am

All programs are *The LaRouche Connection* unless otherwise noted. (*) Call station for times.

MONTGOMERY Ch.19

Fridays—7 pm
• P.G.COUNTY Ch.76
Mondays—10:30 pm

MASSACHUSETTS

• BRAINTREE
AT&T Ch.31
BELD Ch.16
Tuesdays—8 pm
• CAMBRIDGE
MediaOne Ch.10
Mondays—4 pm
• WORCESTER—Ch.13
Tue—8:30 pm

MICHIGAN

• CALHOON
ATT Ch.11
Mondays—4 pm
• CANTON TWP.
Comcast Ch.18
Zajak Presents
Mondays: 6-8 pm
• DEARBORN
Comcast Ch.16
Zajak Presents
Mondays: 6-8 pm
• DEARBORN HTS.
Comcast Ch.18
Zajak Presents
Mondays: 6-8 pm
• GRAND RAPIDS
AT&T Ch.25
Fridays—1:30 pm
• KALAMAZOO
Thu: 11 pm (Ch.20)
Sat: 10 pm (Ch.22)
• KENT COUNTY
Charter Ch.7
Tue—12 Noon,
7:30 pm, 11 pm
• LAKE ORION
Comcast Ch.65
Mondays & Tuesdays
2 pm & 9 pm
• LIVONIA
Brighthouse Ch.12
Thursdays—4:30 pm
• MT.PLEASANT
Charter Ch.3
Thursdays—5:30 pm
Wednesdays—7 am
• PLYMOUTH
Comcast Ch.18
Zajak Presents
Mondays: 6-8 pm
• SHELBY TWP.
Comcast Ch.20
WOW Ch.18
Mon/Wed: 6:30 pm
• WAYNE COUNTY
Comcast Ch.68
Unscheduled pop-ins
• WYOMING
AT&T Ch.25
Wednesdays—10 am

MISSISSIPPI

• MARSHALL COUNTY
Galaxy Ch. 2
Mondays—7 pm

MISSOURI

• ST.LOUIS
AT&T Ch.22
Wednesdays—5 pm
Thursdays—12 Noon

NEBRASKA

• LINCOLN
T/W Ch.80
Citizen Watchdog
Tuesdays—7 pm
Wednesdays—10 pm

NEVADA

• CARSON—Ch.10
Wednesdays—7 pm
Saturdays—3 pm
• RENO/SPARKS
Charter Ch.16
Wednesdays—9 pm

NEW JERSEY

• MERCER COUNTY
Comcast*
TRENTON Ch.81
WINDSORS Ch.27

COLD SPRING

US Cable Ch.10
Wednesdays—5 pm
• COLUMBIA HTS.
MediaOne Ch.15
Wednesdays—8 pm
• DULUTH—Ch.20
Mondays—9 pm
Wednesdays—12 pm
Fridays 1 pm
• FRIDLEY—Ch.5
Thursdays—5:30 pm
Saturdays—8:30 pm
• MINNEAPOLIS
PARAGON Ch.67
Saturdays—7 pm
• NEW ULM—Ch.14
Fridays—5 pm
• PROCTOR/
HERMANTOWN—Ch.12
Tue: Btw. 5 pm-1 am
• ST.CLOUD AREA
Charter Ch.10
Astound Ch.12
Thursdays—8 pm
• ST.CROIX VLY.
Valley Access Ch.14
Thursdays: 4 & 10 pm
Fridays—8 am
• ST.LOUIS PARK
Paragon Ch.15
Wed, Thu, Fri:
12 am, 8 am, 4 pm
• ST.PAUL (city)
SPNN Ch.15
Saturdays—10 pm
• ST.PAUL (N Burbs)
AT&T Ch.14
Thu: -6 pm & Midnite
Fri: -6 am & Noon
• ST.PAUL (NE burbs)*
Suburban Ch.15
• St.PAUL (S&W burbs)
AT&T-Comcast Ch.15
Tue & Fri: -8 pm
Wednesdays—10:30 pm
SOUTH WASHINGTON
ATT Ch.14—1:30 pm
Mon, Tue, Wed, Thu

NEW YORK

• AMSTERDAM
Time Warner Ch.16
Wednesdays—7 pm
• BRONX
Cablevision Ch.70
Fridays—4:30 pm
• BROOKLYN
T/W Ch.34
Cablevision Ch.67
Tue: 12 Noon & 8 pm
• BUFFALO
Adelphia Ch.20
Thursdays—4 pm
Saturdays—1 pm
• CHEMUNG/STUEBEN
Time Warner Ch.1
Mon & Fri: 4:30 pm
• ERIE COUNTY
Adelphia Intl. Ch.20
Thursdays—6:30 pm
• ILION—Ch.10
Mon & Wed—11:35 am
Saturdays—11:30 pm
• IRONDEQUOIT Ch.15
Mondays—7:30 pm
Thursdays—7 pm
• JEFFERSON/LEWIS
Time Warner Ch.2
Unscheduled pop-ins
• MANHATTAN—MNN
T/W Ch.34; RCN Ch.109
Alt. Sundays—9 am
• NIAGARA COUNTY
Adelphia Ch.20
Thursdays—10:35 pm
• ONEIDA—Ch.10
Thu: 8 or 9 pm
• PENFIELD—Ch.15
Penfield Comm. TV*
• QUEENS QPVT Ch.34
Fridays—5 pm
Tuesdays—9 pm
• QUEENSBURY Ch.71
Thursdays—7 pm
• RIVERHEAD Ch.70
Thu—12 Midnight
• ROCHESTER—Ch.15
Sundays—3 pm
Mondays—10 pm
• ROCKLAND—Ch.71
Mondays—6 pm
• STATEN ISL.
Time Warner Cable
Thu—11 pm (Ch.35)
Sat—8 am (Ch.34)

MONTVALE/MAHWAH

Time Warner Ch.27
Wednesdays—4 pm
• NORTHERN NJ
Comcast Ch.57*
PISCATAWAY
Cablevision Ch.71
Wed—11:30 pm
• PLAINSBORO
Comcast Ch.3*

NEW MEXICO

• ALBUQUERQUE
Comcast Ch.27
Mondays—3 pm
• ANTHONY/SUNLAND
T/W Ch.15
Wednesdays 5:05 pm
• LOS ALAMOS
Comcast Ch.8
Mondays—10 pm
• SANTA FE
Comcast—Ch.8
Saturdays—6:30 pm
• TAOS—Ch.2
Thursdays—7 pm

NEW YORK

• AMSTERDAM
Time Warner Ch.16
Wednesdays—7 pm
• BRONX
Cablevision Ch.70
Fridays—4:30 pm
• BROOKLYN
T/W Ch.34
Cablevision Ch.67
Tue: 12 Noon & 8 pm
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Thu—12 Midnight
• ROCHESTER—Ch.15
Sundays—3 pm
Mondays—10 pm
• ROCKLAND—Ch.71
Mondays—6 pm
• STATEN ISL.
Time Warner Cable
Thu—11 pm (Ch.35)
Sat—8 am (Ch.34)

TOMPkins COUNTY

Time Warner Ch.13
Sun—1 pm & 9 pm
Saturdays—9 pm
• TRI-LAKES
Adelphia Ch.2
Sun: 7 am, 1 pm, 8 pm
• WEBSTER—Ch.12
Wednesdays—9 pm

OHIO

• CUYAHOGA COUNTY
Ch.21: Wed-3:30 pm
• FRANKLIN COUNTY
Ch.21: Sun.—6 pm
• LORAIN COUNTY
Adelphia Ch.30
Daily: 10 am; or
12 Noon; or 2 pm;
or 12 Midnight
• OBERLIN—Ch.9
Tuesdays—7 pm
• REYNOLDSBURG
Ch.6: Sun.—6 pm

OREGON

• LINN/BENTON
AT&T Ch.99
Tuesdays—1 pm
• PORTLAND
Tue—6 pm (Ch.22)
Thu—3 pm (Ch.23)
• SALEM—Ch.23
Tuesdays—12 Noon
Thursdays 8 pm
Saturdays 10 am
• SILVERTON
Charter Ch.10
Mon,Tue,Thu,Fri:
Betw. 5 pm - 9 am
• WASHINGTON
Comcast Ch. 23
Wed: 7 pm; Fri: 10 am
Sun: 6 am; Mon: 11 pm

RHODE ISLAND

• E.PROV.—Ch.18
T/W & Grande
Wednesdays—7 pm
• DALLAS Ch.13-B
Tuesdays—10:30 pm
• EL PASO COUNTY
Adelphia Ch.4
Tuesdays—8 pm
Thursdays—11 am
• HOUSTON
Time Warner Ch.17
Saturdays—9 am
Mon. 12/29: 4 pm
Wed. 12/31: 4 pm
Tue, 1/6: 4 pm
Wed. 1/14: 8 pm
• KINGWOOD Ch.98
Kingwood Cablevision
Saturdays—9 am
Mon. 12/29: 4 pm
Wed. 12/31: 4 pm
Tue, 1/6: 4 pm
Wed. 1/14: 8 pm
• RICHARDSON
AT&T Ch.10-A
Thursdays—6 pm

TEXAS

• AUSTIN Ch.10
T/W & Grande
Wednesdays—7 pm
• DALLAS Ch.13-B
Tuesdays—10:30 pm
• EL PASO COUNTY
Adelphia Ch.4
Tuesdays—8 pm
Thursdays—11 am
• HOUSTON
Time Warner Ch.17
Saturdays—9 am
Mon. 12/29: 4 pm
Wed. 12/31: 4 pm
Tue, 1/6: 4 pm
Wed. 1/14: 8 pm
• KINGWOOD Ch.98
Kingwood Cablevision
Saturdays—9 am
Mon. 12/29: 4 pm
Wed. 12/31: 4 pm
Tue, 1/6: 4 pm
Wed. 1/14: 8 pm
• RICHARDSON
AT&T Ch.10-A
Thursdays—6 pm

UTAH

• E.MILLARD
Precis Ch.10
Tuesdays—5 pm
• SEVERE/SAN PETE
Precis Ch.10
Sundays & Mondays
6 pm & 9 pm

VERMONT

• GREATER FALLS
Adelphia Ch.8
Tuesdays—1 pm

VIRGINIA

• ALBERMARLE
Adelphia Ch.13
Fridays—3 pm
• ARLINGTON
ACT Ch.33
Mondays—4 pm
Tuesdays—9 am
• BLACKSBURG
WTOB Ch.2
Mondays—6 pm
• CHESTERFIELD
Comcast Ch.6
Tuesdays—5 pm
• FAIRFAX—Ch.10
Tuesdays—12 Noon
Thursdays—7 pm
• LOUDOUN
Adelphia Ch. 23/24
Tuesdays—7 pm
• ROANOKE—Ch.19
Tuesdays—7 pm
Thursdays—2 pm

WASHINGTON

• KING COUNTY
AT&T Ch.29/77
Mondays—7 pm
• KENNEWICK
Charter Ch.12
Mondays—12 Noon
Thursdays—8:30 pm
• PASCO
Charter Ch.12
Mondays—12 Noon
Thursdays—8:30 pm
• RICHLAND
Charter Ch.12
Mondays—12 Noon
Thursdays—8:30 pm
• SPOKANE—Ch.14
Wednesdays—6 pm
• WENATCHEE
Charter Ch.98
Thu: 10 am & 5 pm

WISCONSIN

• MADISON—Ch.4
Tuesdays—3 PM
Wednesdays—12 Noon
• MARATHON COUNTY
Charter Ch.10
Thursdays—9:30 pm
Fridays—12 Noon
• SUPERIOR
Charter Ch.20
Mondays—7:30 pm
Wednesdays—11 pm
Fridays 1 pm

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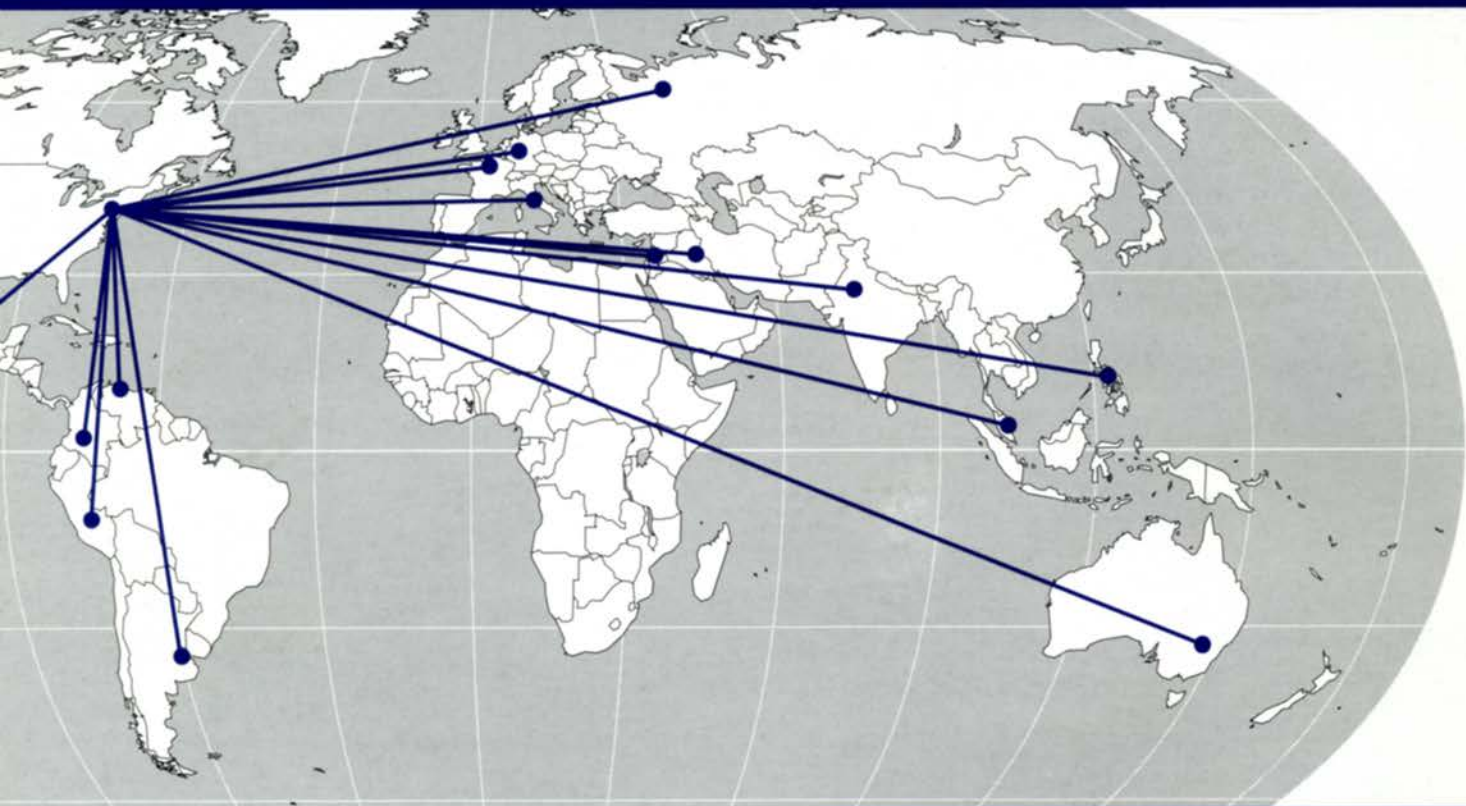
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