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e-mail: [eirns@larouchepub.com](mailto:eirns@larouchepub.com)*

*European Headquarters:* Executive Intelligence Review  
Nachrichtenagentur GmbH, Postfach 2308,  
D-65013 Wiesbaden, Bahnstrasse 9-A, D-65205,  
Wiesbaden, Federal Republic of Germany  
Tel: 49-611-73650.

Homepage: <http://www.eirna.com>

E-mail: [eirna@eirna.com](mailto:eirna@eirna.com)

Executive Directors: Anno Hellenbroich, Michael Liebig

*In Montreal, Canada:* 514-855-1699

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

*In Mexico:* EIR, Serapio Rendón No. 70 Int. 28, Col. San  
Rafael, Del. Cuauhtémoc, México, DF 06470. Tels: 55-66-  
0963, 55-46-2597, 55-46-0931, 55-46-0933 y 55-46-2400.

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## From the Associate Editor

As our cover cartoon illustrates the point, the Bush Presidency is coming unglued. The President returned recently from Europe, licking his wounds at the universal dissatisfaction with his economic and military policies. He was off riding his bicycle in a Maryland park, when suddenly a small Cessna plane cruised into restricted air-space within three miles of the White House, activating the highest alert, and leading to the evacuation of 25,000 people from the Capitol, White House, and Supreme Court. F-16 fighter planes scrambled. Would the plane be shot down? It wasn't. And the President was never even informed about it until the "drama" was over. "On a Bicycle in Beltsville, Blissfully Unaware" was one newspaper headline. Clearly, nobody takes the man very seriously.

But even lame ducks can be dangerous—especially if the Vice President is even more insane than the President.

In this issue, we assemble the story of how the Bush-Cheney bid for a coup d'état was thwarted by 11th-hour actions by a bipartisan group of truly patriotic Senators, acting in the interests—as senior Democrat Robert Byrd put it—of "country, institution, next: us," in that order. There is a lot of "spin" on the media circuits about what happened on May 23, so we present these historic events in the words of the participants themselves.

In *National*, we report on new, damning investigations around Cheney's nest of chicken-hawks in the Pentagon, with the latest indictment of the neo-con Larry Franklin. "Cheneygate" is in the air.

In *Economics*, we present a devastating picture of the takedown of the Veterans Administration hospitals, and relocation of military bases, for the sole purpose of providing new income streams for the speculative real estate bubble. Counterposed to this insanity is the call by Italy's parliamentarians for a New Bretton Woods, an end to usury and globalization, and a shift from the consumer economy to a real, productive economy.

And in our *Science & Technoogy* feature, Lyndon LaRouche approaches the issue of reconstructing the world economy from the unique vantage-point of comparing his own work to that of the late Vladimir I. Vernadsky on the Noösphere: the domain of man's creative action upon the Biosphere.

*Susan Welsh*

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**Photo and graphic credits:** Cover, EIRNS/Claudio Celani. Page 5, EIRNS/Brian McAndrews. Pages 9, 11, 17, 19, www.senate.gov. Pages 24-25 (photos), www.va.gov. Page 26, Representative Delmastro delle Vedove's website. Page 29, svpartei.org/de. Page 33 (fusion research), iter.org. Page 34, EIRNS/Rachel Douglas. Pages 35, 53, EIRNS/Christopher Lewis. Pages 42, 58, 61, 62, EIRNS. Page 47, UNICEF/HQ89-0052/Gilles Vauclair. Page 69, EIRNS/Nicole Harlander. Page 70, State Representative Sinicki's website.

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Get Congress to Rebuild the Country!

# Senate Defeat of Coup d'État Leaves Bush a Lame Duck

by Debra Hanania-Freeman

Late in the day on May 23, in a series of events that few Americans yet understand, George W. Bush was rendered a lame duck President, just four months into his second term, as a move led by Vice President Dick Cheney to carry out a cold coup, by destroying the functioning of the U.S. Senate, was dealt a dramatic and stinging defeat.

There were only hours to go before there was a forced vote on an illegal change in Senate rules orchestrated by Senate Majority Leader Bill Frist and Vice President Dick Cheney (in his rarely occupied seat as the President of the Senate), whose purpose was to overturn the U.S. Constitution, by breaking the Senate's unique power to impose checks and balances against an out-of-control Presidency. But a bipartisan group of 14 Senators—7 Democrats and 7 Republicans—led by Senate veterans Robert Byrd (D-W.V.) and John Warner (R-Va.), announced that they had reached an agreement that would prevent Cheney and Frist from carrying out their unconstitutional “nuclear option.” Two additional members of the Senate, Daniel Innoye (D-Hi.) and Lincoln Chaffee (R-R.I.), were not present at the press conference, but were signatories to the negotiated agreement. (See *Documentation* for the text of the press conference and the full agreement.)

As an essential part of the agreement, the Republican signers pledged to block any effort by Cheney and Frist to eliminate the filibuster for judicial nominees through an illegal change in Senate rules. Also under the agreement, the seven Democrats pledged to vote to allow three of Bush's judicial nominees to receive up-or-down votes on the Senate floor, but with no guarantee that they would be approved. They further agreed that the filibuster would only be invoked under extraordinary circumstances.

Senator Minority Leader Harry Reid (D-Nev.) was clearly pleased with the agreement. Appearing almost immediately after the agreement was made public, a jubilant Reid, joined by Senators Charles Schumer (D-N.Y.), Richard Durbin (D-Ill.), and Barbara Boxer (D-Calif.), declared: “Tonight the Senate has worked



*LaRouche Youth Movement  
"Day of Action" in  
Washington, D.C. on May 23,  
the day of the historic  
agreement to avert the  
"nuclear option" in the U.S.  
Senate.*

its will on behalf of reason and on behalf of responsibility. We have sent President George Bush, Vice President Dick Cheney, and the radical arm of the Republican base an undeniable message: Abuse of power will not be tolerated, will not be tolerated by Democrats or Republicans. And your attempt—I say to the Vice President and to the President—to trample the Constitution and grab absolute control is over.”

That Reid was pleased came as no surprise. The final agreement was, in substance, identical to a compromise that he had proposed to Frist two weeks earlier. At the time, Frist had agreed to the measure, and an announcement was scheduled for the following day. But that announcement was short-circuited when Frist was called to the White House and told by Cheney and Bush’s political guru, Karl Rove, that there would be no deal, and that the nuclear option showdown was to be put on a fast track.

Bill Frist clearly did not share Reid’s enthusiasm for the accord reached by the 14 Senators. Following the announcement, a grim Frist delivered a terse statement to the press, in which he expressed his disappointment over the measure. He claimed that the only good news was that the agreement had “disarmed the filibuster.” The statement was patently untrue. Nowhere in the agreement had anyone—neither Republican nor Democrat—relinquished the right of filibuster. Frist went on to state, rather arrogantly, that he would monitor the agreement very carefully in the months to come. But the simple fact is that Frist can monitor to his heart’s content. He was not party to the agreement and, in fact, the agreement was

negotiated and signed in distinct opposition not only to his expressed desire to ram through the measure, but to his role as Majority Leader.

### **LaRouche: A Victory for the Nation**

Lyndon LaRouche welcomed the agreement, citing the very same words that Robert Byrd had used in announcing it. Senator Byrd had commented, “Well, I remember Benjamin Franklin, the oldest of the group that signed the Constitution of the United States. He was approached by a lady who said, ‘Dr. Franklin, what have you given us?’ And Dr. Franklin replied, ‘A republic, madam, if you can keep it.’ We *have* kept it.”

LaRouche added that the agreement constituted a major strategic defeat for the Administration and an unambiguous strategic victory for the nation, in that a bipartisan group within the Senate directly challenged Bush and Cheney on a fundamental issue of how the Senate would function, especially at a critical moment when the incumbent occupant of the White House is insane, and when there are urgent matters of war and peace, as well as economic life and death, that are on the table for urgent discussion. In the same spirit, LaRouche added that “this was a shot that will be heard around the world.”

It is important to note that the agreement came in an environment shaped by an ongoing mobilization by LaRouche’s political movement in the United States. From the very beginning of this Administration, indeed since January 2001,

LaRouche has repeatedly warned that, under conditions of intensifying financial and economic crisis, we would see this Administration move increasingly toward dictatorial, emergency rule.

When the fuse for the Cheney-Frist nuclear option was lit on May 18, as Frist brought the nominations of two controversial Bush judicial nominees to the Senate floor, LaRouche advised the Democrats that, if Dick Cheney tried to ram through a Senate rule change to cut off a filibuster—something that Cheney repeatedly said he intended to do—that their only choice was to shut down the Senate. “Cheney is out of order if he doesn’t have the 67 votes required to change the Senate rules,” LaRouche said. “That’s the end of the procedure. Shut down the Senate at that point.”

LaRouche was emphatic that any effort to change Senate rules without the required votes was nothing less than a coup d’état. “They will have violated the Constitution, and you cannot continue business in the Senate as long as they’re doing that,” he said. Several days later, LaRouche issued a statement, “Save Our U.S. Constitution Now” (reprinted below) that was mass distributed in and around the nation’s capital, as well as throughout the country.

LaRouche’s sentiments were reflected throughout the Senate debate (see *Documentation*). In his opening statement, Democratic Leader Harry Reid made clear that what was at stake was far more than the confirmation of a few judicial nominees. Reid declared that the Administration, driven by

the radical right wing, was on a dangerous drive for unchecked power both on the question of Presidential nominations in general, as well as on critical legislation like Social Security privatization. He warned the American people that what was indeed under way was an attempt to “throw out 217 years of Senate history in the quest for absolute power.”

Sen. Frank Lautenberg (D-N.J.) called what Cheney was planning a “coup d’état” on the floor of the Senate. Sen. Joseph Biden (D-Del.) delivered a powerful and impassioned speech on the constitutional significance of the pending showdown, including a detailed exposure of the stated intention by the group calling itself the Constitution in Exile (which several of Bush’s judicial nominees are active participants in), to undo President Franklin D. Roosevelt’s New Deal. Biden’s statements were expanded by Senators Schumer and Diane Feinstein (D-Calif.), both of whom went after statements by judicial nominee Janice Rogers Brown, that the 1937 Supreme Court decision upholding the legality of the New Deal was “our socialist revolution.”

Indeed, although it never came to that, at least a few Senators had privately vowed that, if Cheney proceeded as planned, with reckless disregard for both the spirit and letter of the Constitution, they would initiate the necessary measures to have him impeached.

One after another, Democratic Senators rose, not only to speak out in defense of the responsibility for “Advice and Consent” that the Framers of the U.S. Constitution gave the Senate, but also to make clear that the Administration’s reckless grab for absolute dictatorial power was designed to stop any action by the Senate in defense of the population when people, like George Shultz and other controllers of this Administration, proceed with their determination to rob the American people of their pensions, their health care, and bankruptcy protection against the onrushing Depression. In fact, the Senate floor debate of May 23 constituted the first time that the full scope of the economic crisis facing the United States was placed squarely on the Senate agenda.

And, in the press conference where the agreement to block the planned coup d’état was announced, Sen. Lindsey Graham (R-S.C.) admitted that he had initially planned to vote for the nuclear option, but then was persuaded that it would be a tragedy to shut down the Senate at this moment of crisis, when “Social Security is coming apart and kids are dying.”

## A New Political Geometry

Clearly, Washington, D.C. is now a very different place. A few weeks earlier, in a lunchtime discussion with some senior Capitol Hill professional staff, LaRouche had commented that the issue of which political party held the majority in Congress was not necessarily the sole determinant of U.S. policy. said, “Give me 15 U.S. Senators who are prepared to act boldly and provide real leadership,” he said, “and I guarantee you we can change the course of history.” On May 23, a bipartisan group of 14 proved him right. They went head-to-head with an Administration that pulled out all the

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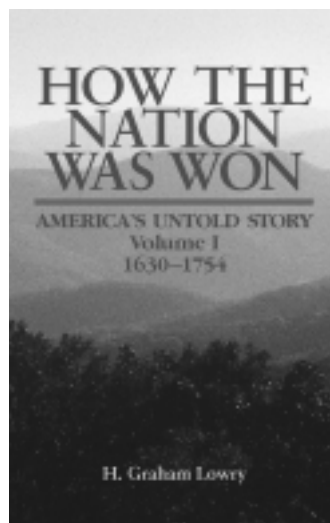
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stops, in an attempt to bully Senate Republicans to change the rules in a blatant violation of the Constitution—and the Administration lost.

The Cheney-Bush-Shultz crowd weren't the only ones who suffered defeat. The Senate, as an institution, is now freed from the blackmail of the right-wing "Christian" fundamentalists and their fascist leanings. Clearly, the issue is not religion, it is economics. The Senate, as a body, is now freed up to proceed to deal with the urgent business of finding a solution to the nation's economic collapse.

LaRouche stated the task clearly. Yes, we have kept the republic, he said. And now, patriots must seize the new situation in the Senate to press the agenda of economic reconstruction, saving General Motors, and saving the pension system. It's time to get Congress to act!

## Republic Saved! Congress Must Rebuild the Country!

Upon hearing of the May 23 agreement in the U.S. Senate, which stopped cold the coup d'état which Dick Cheney et al. were planning to carry out with the "nuclear option," Lyndon LaRouche seconded the words of senior Senator Robert Byrd. Senator Byrd said:

"Well, I remember Benjamin Franklin, the oldest in the group that signed the Constitution of the United States. He was approached by a lady who said, 'Dr. Franklin, what have you given us?'"

"And he said, 'A republic, madam, if you can keep it.'"

"We have kept it."

And now that we have kept it, LaRouche said, patriots must seize the new situation in the Senate to press the agenda of economic reconstruction, saving General Motors, and saving the pension system. It's time to get Congress to act!

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### LaRouche: Save Our U.S. Constitution Now!

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*The following statement was issued by the Lyndon LaRouche Political Action Committee on May 22, and is posted on the LPAC website, [larouchepac.com](http://larouchepac.com), as well as on [larouchepub.com](http://larouchepub.com).*

May 22—If you care about our country and your family's future, you must give full support to the U.S. Senate's Democratic Party leadership now! On this Tuesday, Senate Republican leader Frist is prepared to act to tear down the Constitution of the U.S.A., in an effort to establish a right-wing White House dictatorship in the U.S.

The immediate target of this attempted illegal coup d'état

is the institution of the U.S. Senate. The purpose is to overturn the U.S. Constitution, in favor of White House dictatorship, by breaking the Constitutional powers built into the Senate's power to impose checks and balances against an out-of-control Presidency or temporary errant majority of the House of Representatives. This provision to defend our Constitution was centered in the powers of advice and consent which the Constitution assigned specifically to the U.S. Senate.

Do not be taken in by the fraudulent claims that the contested judicial nominees are "Christians." When judges of fascist leanings are up for confirmation, the issue is not religion, but economics. The issue is, which side will those judges take, when the financial sharks come to eat you in foreclosure proceedings?

Those of us old enough, or well-educated enough, to remember, know what I am saying.

Leading Democrats and others recognize that there is an ominous parallel between the incendiary activities of White House radical right-wing propaganda minister Karl Rove and Vice President Dick "Hermann" Cheney's plot, and the incendiary actions used by Hermann Göring which led to Reichschancellor Adolf Hitler's seizure of dictatorial powers on February 28, 1933. Hitler never gave up those powers until the day he committed suicide in Berlin on April 30, 1945. Tens of millions of people died as a result of what happened in Berlin on February 27-28, 1933. With the present Bush Administration pushing for "preventive use" of existing nuclear weapons now, many more than tens of millions will die world-wide, if we let the U.S. walk down that same road now. That increasingly hysterically desperate administration now intends to use those weapons just about as quickly as you can say, "Remember what happened with Iraq."

The U.S. Senate, with its power of advice and consent, is today the chief bulwark standing between you and the consequences of that increasing push for a so-called "preventive" nuclear-warfare policy. Do not allow that original Constitutional intention of advice and consent to be thrown away by the kind of panicked parliamentary majority rule which gave Hitler dictatorial powers on February 28, 1933. If you allow Frist to succeed on Tuesday, or in the days following, no one can predict today, when, or where that warfare might stop.

Without the savage pressures from high-level circles within the Bush Presidency, many Republicans would quickly join with Democrats in preventing the Bush White House's attempted anti-Constitutional plot from being carried out. Therefore, massive support for both Democratic leaders and concerned, but often intimidated Republican Senators must be provided immediately.

### The Economics Issue

U.S. citizens must not allow themselves to be fooled again. Citizens must recognize the real issues behind this evil White House grab for dictatorial one-party powers. The key issues are not judges' religious beliefs; the issues, as in the

French Revolution of July 14, 1789, and the Hitler seizure of dictatorial powers on February 28, 1933, are just plain economic. These right-wing judgeship candidates are being set up to help rob your child's piggy-bank, hardly a Christian enterprise.

At this moment, the U.S. economy is on the verge of a bigger general financial and physical-economic collapse than 1929-1933, and the forces controlling the pathetic figure occupying the Oval Office, such as the would-be "Hjalmar Schacht" of the situation, former Pinochet crony George Pratt Shultz, the architect of the Bush II Presidency, and a key backer of the President's Pinochet-style intention to rob you of Social Security protection, are determined that the people will have no pension, health-care, or bankruptcy protection against the onrushing deep collapse of the world's present financial system.

There is no excuse for anyone's giving support to this attempted Bush Administration grab for dictatorial powers. We of the U.S. not only recovered from the 1929-1933 collapse caused by the policies of the successive Coolidge and Hoover Administrations, but, under Franklin Roosevelt's Presidency, we prevented what would have been otherwise, an Adolf Hitler world dictatorship. We can do that again.

We do have a clear majority of our leading politicians who are good enough to make the decisions needed to get us safely through the presently onrushing world-wide financial collapse. Admittedly, many of them have made mistakes in the past. Nearly everyone makes mistakes, and big people tend to make the biggest mistakes. But, when we as a people bring ourselves together to face up to a problem, and to solve it, we of the U.S.A. have always won out, sooner or later. Hopefully, this time, it will be sooner.

For this purpose, the founders of our present Constitutional republic created a Constitutional system which is not only the best in the world still today, but is a model for dealing with precisely those kinds of financial crises which the parliamentary systems of Europe are not competent to deal with by themselves. Our experience under President Franklin Roosevelt is something which is still fresh in our national memory, especially among those still living who were young adults or adolescents during the 1930s and 1940s. What succeeded then is a starting-point for selecting the economic recovery measures we must begin instituting immediately today.

So, give our leaders a chance, especially those in the Senate fight to defend the Constitutional principle of advice and consent consigned to the Senate. Support them in this fight. Support them as if your personal freedoms depend upon that; they probably do. By supporting them, you will be defending our Constitutional system.

Support that system as if your life and our nation's future depended upon winning that fight. They do. I am supporting those engaged in this fight, whether they are Democrats or Republicans. So should you.

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## Documentation

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### Lautenberg Warned Of Coup d'État

*Sen. Frank Lautenberg (D-N.J.) spoke during the Senate debate on the evening of May 23. Subheads have been added.*

Mr. President, the debate bounces back and forth, and we hear the complaints about the change in the system, one that has been in existence for some 200 years. It was formally adopted in the early part of the 20th Century.

I see the fact that the traditions and rules of the Senate are, frankly, in deep jeopardy. The current majority leader is threatening to annihilate over 200 years of tradition in this Senate, by getting rid of our right to extended debate. The Senate that will be here as a result of this nuclear option will be a dreary, bitter, far more partisan landscape, even though it obviously prevents us from operating with any kind of consensus. It will only serve to make politics in Washington much more difficult.

One has to wonder, what happened to the claims that were made so frequently, particularly in the election year 2000, when then-candidate Bush, now President, talked about being a uniter, not a divider? It has been constantly referenced: "I want to unite the American people, not divide them."

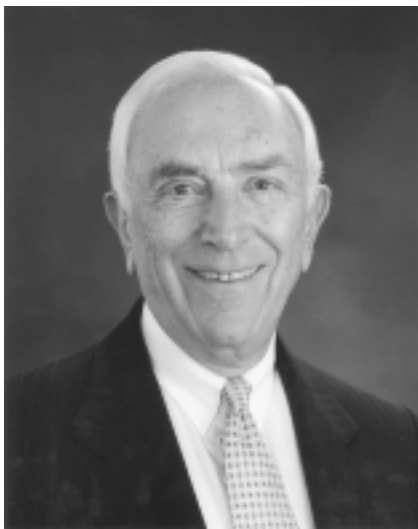
With this abuse of power, the majority is about to further divide our Nation with the precision of a sledgehammer.

I want the American people to understand what is going to happen on the floor of the Senate if things go as planned. Vice President Cheney, whom we rarely see in this Chamber, is going to come here for the specific purpose of breaking existing rules for the operation of the Senate. He is going to sit in the Presiding Officer's chair and do something that, frankly, I don't remember in my more than 20 years in the Senate. He could intentionally misstate, if what we hear is what we are going to get, the rules of the Senate.

Think about the irony. Vice President Cheney gets to help nominate Federal judges. Then when the Senate objects to the Administration's choices, he is going to come over here and break our rules to let his judges through. Talk about abuse of power! The Founding Fathers would shudder at the thought of this scenario. It runs counter to the entire philosophy of our Constitution. Our Constitution created a system that they thought would make it impossible for a President to abuse his powers.

Tomorrow, we are going to see what amounts to a coup d'état, a takeover right here in the Senate. The Senate, just like society at large, has rules. We make laws here and we brag about the fact that this is a country of laws. We make





*Sen. Frank Lautenberg, speaking before the accord was reached: "The Founding Fathers would shudder at the thought of this scenario. . . . Tomorrow, we are going to see what amounts to a coup d'état, a takeover right here in the Senate."*

laws here and expect Americans to follow them. But now the majority leader wants the Senate to make it easier for the Republican Senators to change the rules when you don't like the way the game is going. What kind of an example does that set for the country? Some may ask, if we don't follow our own rules, why should the average American follow the rules that we make here?

If the majority leader wants to change the rules, there is a legal way to do it. A controversial Senate rule change is supposed to go through the Rules Committee. Once it reaches the full Senate for consideration, it needs 67 votes to go into effect. But rather than follow the rules, Vice President Cheney will break the rules from his position as the Presiding Officer and change the rules by fiat. In other words, we will see an attempt to overthrow the Senate as we know it.

Hopefully, some courageous Senators will step forward, vote their conscience, and put a stop to this once and for all. There are several people who disagree with their leader on the Republican side, and they have expressed their unwillingness to go through with this muscular takeover of the Senate.

## **The President Is Not a King**

It is unbecoming the body. President Bush and the majority leader want to get rid of the filibuster because it is the only thing standing between them and absolute control of our government and our nation. They think the Senate should be a rubberstamp for the President. That is not what our Founders intended. It is an abuse of power, and it is wrong, whether a Republican or a Democrat lives in the White House.

I say to the American people: Please, get past the process debate here. Let's not forget how important our Federal judges are. They make decisions about what rights we have under our Constitution. They make decisions about whether our education and environmental laws will be enforced. They make decisions about whether we continue to have health

care as we know it. And sometimes, let us not forget, they may even step in to decide a Presidential election.

The Constitution says the Senate must advise and consent before a President's judicial nominations are allowed to take the bench. It doesn't say advise and relent. It doesn't say consent first and then advise. As Democratic leader Harry Reid recently said: George Bush was elected President, not king.

The Founding Fathers, Washington, Jefferson, and Madison, did not want a king. And that is why the Constitution created the Senate as a check on the President's power. With terrible ideas like Social Security privatization coming from the President these days, the American people are thankful that we are here to stop it.

President Bush once famously said: If this were a dictatorship, it'd be a heck of a lot easier, just so long as I'm the dictator.

I am hopeful that President Bush was kidding when he said that. But the President's allies don't seem to be. They want the Senate to simply approve every Bush nominee regardless of the record.

We have confirmed 208 of President Bush's nominees. But there are several we objected to because we believed they were too extreme. They voiced their opinions. This was not based on hearsay. It was based on things they said. They are too extreme to sit on the Federal bench.

The Republican side of the aisle calls this the tyranny of the minority. But in the Senate, who is the minority and who is the majority? When you do the math on the current Senate, you will find that the majority is actually in the minority. The minority is the majority. Here is what I mean: majority or minority. Current Senate: Republican caucus, 55 Senators, they represent 144,765,000 Americans. The Democratic caucus has less Senators, 45 as opposed to 55, and they represent some 148,336,000 Americans. So where is the minority here?

In this chart, each Senator is allotted one-half of his or her state's population, just to explain how we get there. What you find is that the minority in this body, the Democratic caucus, represents 3.5 million more people than does the majority. That is exactly why the Founding Fathers wanted to protect minority rights in the Senate, because a minority of Senators may actually represent a majority of the people.

How do you discard that and say: Well, we are the majority? You don't own the place. It is supposed to be a consensus government, particularly in the Senate.

I make one last appeal to the majority leader: Don't take this destructive action.

I want the American people to understand one thing: The big fight here is because the people who will get these positions have lifetime tenure. That means they could be here 20, 30, or 40 years.

I have faith in the courage of my colleagues across the aisle. I hope they are going to put loyalty to their country ahead of loyalty to a political party.

# Biden: An Arrogant Grab for Power

*Sen. Joseph Biden (D-Del.) gave this speech during the Senate floor debate on May 23. Subheads have been added.*

Mr. President, my friends and colleagues, I have not been here as long as Senator Byrd, and no one fully understands the Senate as well as Senator Byrd, but I have been here for over three decades. This is the single most significant vote any one of us will cast in my 32 years in the Senate. I suspect the Senator would agree with that.

We should make no mistake. This nuclear option is ultimately an example of the arrogance of power. It is a fundamental power grab by the majority party, propelled by its extreme right and designed to change the reading of the Constitution, particularly as it relates to individual rights and property rights. It is nothing more or nothing less. Let me take a few moments to explain that.

Folks who want to see this change want to eliminate one of the procedural mechanisms designed for the express purpose of guaranteeing individual rights, and they also have a consequence, and would undermine the protections of a minority point of view in the heat of majority excess. We have been through these periods before in American history but never, to the best of my knowledge, has any party been so bold as to fundamentally attempt to change the structure of this body.

Why else would the majority party attempt one of the most fundamental changes in the 216-year history of this Senate, on the grounds that they are being denied 10 of 218 Federal judges, 3 of whom have stepped down? What shortsightedness, and what a price history will exact on those who support this radical move.

It is important we state frankly, if for no other reason than the historical record, why this is being done. The extreme right of the Republican Party is attempting to hijack the Federal courts by emasculating the courts' independence and changing one of the unique foundations of the Senate; that is, the requirement for the protection of the right of individual Senators to guarantee the independence of the Federal Judiciary.

This is being done in the name of fairness? Quite frankly, it is the ultimate act of unfairness to alter the unique responsibility of the Senate and to do so by breaking the very rules of the Senate.

## The 'Constitution in Exile' Movement

Mark my words, what is at stake here is not the politics of 2005, but the Federal Judiciary in the country in the year 2025. This is the single most significant vote, as I said earlier, that I

will have cast in my 32 years in the Senate. The extreme Republican right has made Federal appellate Judge Douglas Ginsburg's "Constitution in Exile" framework their top priority.

It is their purpose to reshape the Federal courts so as to guarantee a reading of the Constitution consistent with Judge Ginsburg's radical views of the Fifth Amendment's Taking Clause, the Nondelegation Doctrine, the 11th Amendment, and the 10th Amendment. I suspect some listening to me and some of the press will think I am exaggerating. I respectfully suggest they read Judge Ginsburg's ideas about the "Constitution in Exile." Read it and understand what is at work here.

If anyone doubts what I am saying, I suggest you ask yourself the rhetorical question, "Why, for the first time since 1789, is the Republican-controlled Senate attempting to change the rule of unlimited debate, eliminate it, as it relates to Federal judges for the circuit court or the Supreme Court?"

If you doubt what I said, please read what Judge Ginsburg has written and listen to what Michael Greve of the American Enterprise Institute has said: "I think what is really needed here is a fundamental intellectual assault on the entire New Deal edifice. We want to withdraw judicial support for the entire modern welfare state."

Read: Social Security, workmen's comp. Read: National Labor Relations Board. Read: FDA. Read: What all the by-product of that shift in constitutional philosophy that took place in the 1930s meant.

We are going to hear more about what I characterize as a radical view—maybe it is unfair to say radical—a fundamental view and what, at the least, must be characterized as a stark departure from current constitutional jurisprudence. Click on to the American Enterprise Institute website, [www.aei.org](http://www.aei.org). Read what they say. Read what the purpose is. It is not about seeking a conservative court or placing conservative Justices on the bench. The courts are already conservative.

Seven of the nine Supreme Court Justices appointed by Republican Presidents Nixon, Ford, Reagan, and Bush 1—seven of nine. Ten of 13 Federal circuit courts of appeal dominated by Republican appointees, appointed by Presidents Nixon, Ford, Reagan, Bush 1, and Bush 2; 58 percent of the circuit court judges appointed by Presidents Nixon, Ford, Reagan, Bush 1, or Bush 2. No, my friends and colleagues, this is not about building a conservative court. We already have a conservative court. This is about guaranteeing a Supreme Court made up of men and women such as those who sat on the Court in 1910 and 1920. Those who believe, as Justice Janice Rogers Brown of California does, that the Constitution has been in exile since the New Deal.

My friends and colleagues, the nuclear option is not an isolated instance. It is part of a broader plan to pack the court with fundamentalist judges and to cower existing conservative judges to toe the extreme party line.

You all heard what Tom DeLay said after the Federal courts refused to bend to the whip of the radical right in the Schiavo case. Mr. DeLay declared: "The time will come for

men responsible for this to answer for their behavior.”

Even current conservative Supreme Court Justices are looking over their shoulder, with one extremist recalling the despicable slogan of Joseph Stalin—and I am not making this up—in reference to a Reagan Republican appointee, Justice Kennedy, when he said: “No man, no problem”—absent his presence, we have no problem.

Let me remind you, as I said, Justice Kennedy was appointed by President Reagan.

Have they never heard of the independence of the judiciary—as fundamental a part of our constitutional system of checks and balances as there is today; which is literally the envy of the entire world, and the fear of the extremist part of the world? An independent judiciary is their greatest fear.

### Why Are the Radicals Focussing on the Court?

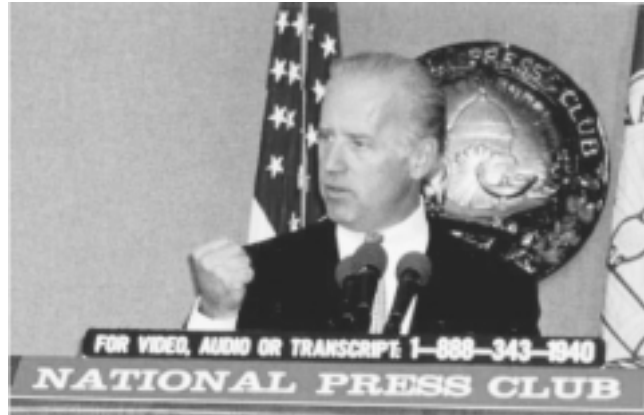
Why are radicals focussing on the court? Well, first of all, it is their time to be in absolute political control. It is like, why did Willy Sutton rob banks? He said: Because that is where the money is. Why try it now—for the first time in history—to eliminate extended debate? Well, because they control every lever of the Federal government. That is the very reason why we have the filibuster rule. So when one party, when one interest controls all levers of government, one man or one woman can stand on the floor of the Senate and resist, if need be, the passions of the moment.

But there is a second reason why they are focusing on the courts. That is because they have been unable to get their agenda passed through the legislative bodies. Think about it. With all the talk about how they represent the majority of the American people, none of their agenda has passed as it relates to the Fifth Amendment, as it relates to zoning laws, as it relates to the ability of Federal agencies, such as the Food and Drug Administration, the Environmental Protection Agency, to do their jobs.

Read what they write when they write about the Nondelegation Doctrine. That simply means, we in the Congress, as they read the Constitution, cannot delegate to the Environmental Protection Agency the authority to set limits on how much of a percentage of carcinogens can be admitted into the air or admitted into the water. They insist that we, the Senate, have to vote on every one of those rules, that we, the Senate and the House, with the ability of the President to veto, would have to vote on any and all drugs that are approved or not approved.

If you think I am exaggerating, look at these websites. These are not a bunch of wackos. These are a bunch of very bright, very smart, very well-educated intellectuals who see these Federal restraints as a restraint upon competition, a restraint upon growth, a restraint upon the powerful.

The American people see what is going on. They are too smart, and they are too practical. They might not know the meaning of the Nondelegation Doctrine; they might not know the clause of the Fifth Amendment relating to property; they may not know the meaning of the 10th and 11th Amendments



*Sen. Joseph Biden, speaking before the accord was reached: “This nuclear option . . . is a fundamental power grab by the majority party, propelled by its extreme right and designed to change the reading of the Constitution.”*

as interpreted by Judge Ginsburg and others, but they know that the strength of our country lies in common sense and our common pragmatism, which is antithetical to the poisons of the extremes on either side.

The American people will soon learn that Justice Janice Rogers Brown—one of the nominees who we are not allowing to be confirmed, one of the ostensible reasons for this nuclear option being employed—has decried the Supreme Court’s “socialist revolution of 1937.” Read: Social Security. Read what they write and listen to what they say. The very year that a 5-to-4 Court upheld the constitutionality of Social Security against a strong challenge—1937—Social Security almost failed, by one vote.

It was challenged in the Supreme Court as being confiscatory. People argued then that a government has no right to demand that everyone pay into the system, no right to demand that every employer pay into the system. Some of you may agree with that. It is a legitimate argument, but one rejected by the Supreme Court in 1937, that Justice Brown refers to as the “socialist revolution of 1937.”

If it had not been for some of the things they had already done, nobody would believe what I am saying here. These guys mean what they say. The American people are going to soon learn that one of the leaders of the Constitutional Exile school, the group that wants to reinstate the Constitution as it existed in 1920, said of another filibustered judge, William Pryor, that “Pryor is the key to this puzzle. There’s nobody like him. I think he’s sensational. He gets almost all of it.”

That is the reason why I oppose him. “He gets all of it.” And you are about to get all of it if they prevail. We will not have to debate about Social Security on this floor.

So the radical right makes its power play now, when they control all political centers of power, however temporarily. The radicals push through the nuclear option and then pack the courts with unimpeded judges who, by current estimations, will serve an average of 25 years. The right is focussed

on packing the courts, because their agenda is so radical that they are unwilling to come directly to you, the American people, and tell you what they intend.

Without the filibuster, President Bush will send over more and more judges of this nature, with perhaps three or four Supreme Court nominations. And there will be nothing—*nothing*—that any moderate Republican friends and I will be able to do about it.

Judges who will influence the rights of average Americans: the ability to sue your HMO that denies you your rights; the ability to keep strip clubs out of your neighborhood—because they make zoning laws unconstitutional—without you paying to keep the person from building; the ability to protect the land your kids play on, the water they drink, the air they breathe, and the privacy of your family in your own home.

Remember, many of my colleagues say there is no such thing as a right to privacy in any iteration under the Constitution of the United States of America. Fortunately, we have had a majority of judges who disagreed with that over the past 70 years. But hang on, folks. The fight over judges, at bottom, is not about abortion and not about God; it is about giving greater power to the already powerful. The fight is about maintaining our civil rights protections, about workplace safety and worker protections, about effective oversight of financial markets, and protecting against insider trading. It is about Social Security. What is really at stake in this debate is, point blank, the shape of our constitutional system for the next generation.

## Emasculating the Senate Into a Parliament

The nuclear option is a twofer. It excises, friends, our courts and, at the same time, emasculates the Senate. Put simply, the nuclear option would transform the Senate from the so-called cooling saucer our Founding Fathers talked about, to cool the passions of the day, to a pure majoritarian body like a Parliament. We have heard a lot in recent weeks about the rights of the majority and obstructionism. But the Senate is not meant to be a place of pure majoritarianism.

Is majority rule what you really want? Do my Republican colleagues really want majority rule in this Senate? Let me remind you, 44 of us Democrats represent 161 million people. One hundred sixty-one million Americans voted for these 44 Democrats. Do you know how many Americans voted for the 55 of you? One hundred thirty-one million. If this were about pure majorities, my party represents more people in America than the Republican Party does. But that is not what it is about. Wyoming, the home state of the Vice President, the President of this body, gets one Senator for every 246,000 citizens; California, gets one Senator for 17 million Americans. More Americans voted for Vice President Gore than they did Governor Bush. By majoritarian logic, Vice President Gore won the election.

Republicans control the Senate, and they have decided they are going to change the rule. At its core, the filibuster is

not about stopping a nominee or a bill, it is about compromise and moderation. That is why the Founders put unlimited debate in. When you have to—and I have never conducted a filibuster—but if I did, the purpose would be that you have to deal with me as one Senator. It does not mean I get my way. It means you may have to compromise. You may have to see my side of the argument. That is what it is about, engendering compromise and moderation.

Ladies and gentlemen, the nuclear option extinguishes the power of independents and moderates in this Senate. That is it. They are done. Moderates are important only if you need to get 60 votes to satisfy cloture. They are much less important if you need only 50 votes. I understand the frustration of our Republican colleagues. I have been here 32 years, most of the time in the majority. Whenever you are in the majority, it is frustrating to see the other side block a bill or a nominee you support. I have walked in your shoes, and I get it.

I get it so much that what brought me to the Senate was the fight for civil rights. My state, to its great shame, was segregated by law, was a slave state. I came here to fight it. But even I understood, with all the passion I felt as a 29-year-old kid running for the Senate, the purpose—the *purpose*—of extended debate. Getting rid of the filibuster has long-term consequences. If there is one thing I have learned in my years here: Once you change the rules and surrender the Senate's institutional power, you never get it back. And we are about to break the rules to change the rules.

I do not want to hear about “fair play” from my friends. Under our rules, you are required to get two-thirds of the votes to change the rules. Watch what happens when the majority leader stands up and says to the Vice President—if we go forward with this—he calls the question. One of us, I expect our leader, on the Democratic side, will stand up and say: Parliamentary inquiry, Mr. President. Is this parliamentarily appropriate? In every other case since I have been here, for 32 years, the Presiding Officer leans down to the Parliamentarian and says: What is the rule, Mr. Parliamentarian? The Parliamentarian turns and tells them.

Hold your breath, Parliamentarian. He is not going to look to you because he knows what you would say. He would say: This is not parliamentarily appropriate. You cannot change the Senate rules by a pure majority vote.

So if any of you think I am exaggerating, watch on television, watch when this happens, and watch the Vice President ignore—he is not required to look to an unelected officer, but that has been the practice for 218 years. He will not look down and say: What is the ruling? He will make the ruling, which is a lie, a lie about the rule.

Isn't what is really going on here, that the majority does not want to hear what others have to say, even if it is the truth? Senator Moynihan, my good friend who I served with for years, said: You are entitled to your own opinion but not your own facts.

The nuclear option abandons America's sense of fair play. It is the one thing this country stands for: not tilting the playing

field on the side of those who control and own the field.

I say to my friends on the Republican side: You may own the field right now, but you won't own it forever. I pray God when the Democrats take back control, we don't make the kind of naked power grab you are doing. But I am afraid you will teach my new colleagues the wrong lessons.

We are only in the Senate as temporary custodians of the Senate. The Senate will go on. Mark my words, history will judge this Republican majority harshly, if it makes this catastrophic move.

Mr. President, I ask unanimous consent that the full text of my statement as written be printed in the *Record*.

[There being no objection, the statement was ordered to be printed in the *Congressional Record*.]

## Bipartisan Senators: We Have Kept the Republic

*This May 23 press conference, announcing an agreement to prevent the "nuclear option," was addressed by Senators John Warner (R-Va.), John McCain (R-Ariz.), Joseph Lieberman (D-Conn.), Ben Nelson (D-Neb.), Olympia Snowe (R-Me.), Mark Pryor (D-Ak.), Mike DeWine (R-Ohio), Robert Byrd (D-W.V.), Mary Landrieu (D-La.), Susan Collins (R-Me.), Lindsey Graham (R-S.C.), and Ken Salazar (D-Colo.).*

**McCain:** We're here, 14 Republicans and Democrats, 7 on each side, to announce that we have reached an agreement to try to avert a crisis in the United States Senate and pull the institution back from a precipice that would have had, in the view of all 14 of us, lasting impact, damaging impact on the institution.

I'm grateful for the efforts of Senator Frist and Senator Reid to come to an agreement on this issue. We appreciate very much their leadership. And we all appreciate each other's involvement, but probably the two that I'd like to point out here that provided us with a beacon of where we should go, were Senator Byrd, our distinguished senior Democrat leader, and Senator Warner, who both were vital to this process.

You have before you the agreement and I won't go in the details of it. But basically, all 14 of us have pledged to vote for cloture for the judicial nominees Janice Rogers Brown, William Pryor, and Priscilla Owen.

The signatories make no commitment to vote for or against cloture on two judges, William Myers and Henry Saad. Future nominations will—the signatories will exercise their responsibilities and the nominees should only be filibustered under extraordinary circumstances.

And in light of this commitment and a continuing commitment, we will try to do everything in our power to prevent filibusters in the future.

This agreement is meant in the finest traditions of the

Senate; it was entered into with trust, respect, and mutual desire to see the institution of the Senate function in ways that protect the rights of the minority.

So I'm very pleased to stand here with my other colleagues tonight and I believe that that goodwill will prevail.

Nothing in this agreement prevents any individual Senator from exercising his or her individual rights.

I would like to ask Senator Nelson and Senator Pryor—but I want to, again, thank my colleagues. And I believe that most Americans would like for us to work these issues out rather than pursue the procedure that we have just departed from, I hope.

**Nelson:** Well, thank you very much, Senator.

And I, too, am very proud to be here with my colleagues tonight.

And I'm glad to say that we have been able to reach an agreement, if you will, make a deal for the future to deal with the Senate business in a way that will keep the faith, will certainly keep the faith of the Framers of our country and the Founding Fathers. It will retain the individual rights and responsibilities of each Senator.

I think it's a positive step for us to be able to set aside the nuclear option. It also gives as many judges as we possibly can under these circumstances an up-or-down vote.

So I think the good faith and the mutual trust that we have achieved here will carry over into this Senate on other business as well.

So, thank you to my colleagues. And you were asking just the other day how to handicap this. Well, I would have to say right now, it's 100%. Thank you.

**Pryor:** Let me just say a couple of very quick words. And first thing I want everybody here to know: We don't have a Thomas Jefferson in the bunch, OK? This came as a result of perspiration, not inspiration. As you know, we worked very, very hard to get here. It is in the finest traditions of the Senate and this agreement is based on trust. It's based on trust.

And I know that people here want to ask a million "what ifs." What if this? What if that? What about this person or that person, this circumstance?

Listen, there's a lot of hypotheticals. We don't know what is coming down in the future, but we do know that we trust each other.

The 14 of us have sat down, looked at each other, shaken hands, shared our hopes, our dreams, our fears, our frustrations, and this is based on trust.

And with that, what I would like to do is turn it over to Senator Warner for a brief word. And then he's going to introduce Senator Byrd.

**Warner:** No, I'd like to yield to Senator Byrd.

**Pryor:** Senator Byrd, come up—

**Byrd:** I'll wait my turn.

[crosstalk: Your turn is now! Your turn is whenever you want it.]

**Warner:** I would simply say, by way of introduction, we opened almost every meeting with Bob Byrd saying, "Coun-

WASHINGTON, DC 20510

We respect the diligent, conscientious efforts, to date, rendered to the Senate by Majority Leader Frist and Democratic Leader Reid. This memorandum confirms an understanding among the signatories, based upon mutual trust and confidence, related to pending and future judicial nominations in the 109<sup>th</sup> Congress.

We have agreed to the following:

A. *Votes for Certain Nominees.* We will vote to invoke cloture on the following judicial nominees: Janice Rogers Brown (D.C. Circuit), William Pryor (11<sup>th</sup> Circuit), and Priscilla Owen (5<sup>th</sup> Circuit).

B. *Status of Other Nominees.* Signatories make no commitment to vote for or against cloture on the following judicial nominees: William Myers (9<sup>th</sup> Circuit) and Henry Saad (6<sup>th</sup> Circuit).

A. *Future Nominations.* Signatories will exercise their responsibilities under the Advice and Consent Clause of the United States Constitution in good faith. Nominees should only be filibustered under extraordinary circumstances, and each signatory must use his or her own discretion and judgment in determining whether such circumstances exist.

B. *Rules Changes.* In light of the spirit and continuing commitments made in this agreement, we commit to oppose the rules changes in the 109<sup>th</sup> Congress, which we understand to be any amendment to or interpretation of the Rules of the Senate that would force a vote on a judicial nomination by means other than unanimous consent or Rule XXII.

Such a return to the early practices of our government may well serve to reduce the rancor that unfortunately accompanies the advice and consent process in the Senate.

We firmly believe this agreement is consistent with the traditions of the United States Senate that we as Senators seek to uphold.

States Senate that we as Senators seek to uphold.

<u>to Benjamin Nelson</u>	<u>John McIn</u>
<u>Miss Daylene</u>	<u>John Warner</u>
<u>J. G. Gail</u>	<u>Robert E. Byrd</u>
<u>Susan Collins</u>	<u>John Randolph</u>
<u>Marcel Bonhoe</u>	<u>Sammy</u>
<u>Tracy Clark</u>	<u>Ken Salazar</u>
<u>LIAISON CHAIR</u>	<u>Johnny</u>

try, institution, and next: us."

**Byrd:** Well, I remember Benjamin Franklin, the oldest in the group that signed the Constitution of the United States. He was approached by a lady who said, “Dr. Franklin, what have you given us?” And he said, “A republic, madam, if you can keep it.”

We have kept it. We have kept the republic. I am very proud of these colleagues of mine on the Republican side and the Democratic side. We have lifted ourselves above politics. And we have signed this document in the interest of the United States Senate, in the interest of freedom of speech, freedom of debate, and freedom to dissent in the United States Senate.

And I say thank God, thank God for this moment, and for these colleagues of mine, thank you very much. Thank you.

**Warner:** I've said very little throughout this entire process. I think it was a privilege to be associated with these individuals. And I'll say very little now, except it's been a remarkable study of Senate history and the history of our country throughout this whole process. And the one unanswered question that guided me all the way through is—it was unanswered—what would happen to the Senate if the nuclear option were done? No one was able to answer that to my satisfaction.

**DeWine:** I think this is a good day for the United States

Senate, but I think, more important, it's a good day for the country. I felt that why we got into this, of course, the whole situation is, I felt that the status quo that we have seen for the last several years was not acceptable. Many of us on our side of the aisle certainly did, that the filibuster is being used too often.

But I also felt that the use of the constitutional option would not be good for the Senate nor good for the country. So really we are faced with two bad options. And I sought this compromise as a way to avoid the options, and frankly two bad options. Frankly, to try to put us back in the position we were a few years ago, where a filibuster was available, but frankly not used very often.

And I think if you look at the language that we have here, I think we have achieved this.

This agreement is based on good faith, good faith among people who trust each other. And it's our complete expectation that it will work. Senators have agreed that they will not filibuster except in extraordinary circumstances. We believe that that will, in fact, work.

Some of you who are looking at the language may wonder what some of the clauses mean. The understanding is—and we don't think this will happen—but if an individual Senator believes in the future that a filibuster is taking place under

something that's not extraordinary circumstances, we of course reserve the right to do what we could have done tomorrow, which is to cast a "yes" vote for the constitutional option.

I was prepared to do that tomorrow if we could not reach an agreement. But thank heavens we do not have to do that. And it's our hope that we will never have to do that.

So I think this is a very good day for our country, a good day for the United States Senate. It will enable us to get back, frankly, to the people's business and to deal with the issues that I think the American people expect us to deal with every day.

**Lieberman:** Thanks, Mike. That phone going off was McCain being told to go and see the preview of the movie about himself. Everybody should go see it.

Maybe in that spirit I should say how great it is to be a member of this band of brothers and sisters. We came together and did the unexpected. In a Senate that has become increasingly partisan and polarized, the bipartisan center held.

And as those who have preceded me have said over and over again, each of us accepted parts of this agreement which were not perfect to our desires, but we did it for a larger purpose: to save the right of unlimited debate, to take the Senate back from the precipice.

And if the nuclear option had been passed, I think it would have led to a cycle of increasing divisiveness in the Senate and decreasing productivity in terms of the people's business.

So I thank all who worked so hard to make this happen. I'm proud to be part of it. And I hope maybe this empowered bipartisan center will decide that it's been good to work together, and we'll keep on working together to get some good things done for the American people.

**McCain:** I do have to go, too. The first question that most of the media are going to ask us: Who won and who lost? The Senate won, and the country won.

**Snowe:** Let me just say that I'm very pleased to be part of this group and my colleagues in achieving this historic compromise. What bound us was the belief, the strong belief, that exercising the pending motion of this constitutional option would be detrimental to the long-term well-being of the United States Senate.

And I believe that this compromise reflects the better traditions of the Senate. And that is comity, cooperation, and collaboration. I do believe as well that this is the essence of what our Founding Fathers designed the United States Senate to be. And that is an institution that achieves results through accommodation and collaboration.

We believed as well that the American people didn't deserve the option of just blanket filibusters or historic parliamentary maneuvers that overturned 200 years of tradition and precedent. What they did deserve is to have meaningful and good-faith collaboration among Republicans and Democrats united to do what was in the best interest of this institution, not just for the short term, for the long term.

**Landrieu:** I would just add that I was proud to be a part

of this group and believe so strongly that, had the nuclear option been invoked, that the Senate would have perhaps passed a point of no return. And that would have been a very sad day indeed for our country.

One of the strongest parts of this compromise is that we hope, the group of us that trust each other, that have worked together across the aisle on many, many, many important issues and will continue to do so, is that we can return to the early practices of our government, that we can reduce the rancor that unfortunately accompanied the advise and consent process in the Senate in the last few years.

We firmly believe that this agreement is consistent with the best traditions of the Senate.

So what we have come to is a pause, a hope, a chance that we can pass this difficult point, return the right of the minority to speak up and to be heard, but most importantly to encourage advice from the Administration to the Senate in a way that will move this country forward.

**Collins:** I'm reminded of that old expression that everything has been said, but not everyone has said it at this point. You're going to hear over and over again the words "good faith," "mutual respect," and "trust," because those words characterized our negotiations. Hour after hour, day after day, we kept working toward a goal that we all believed in.

People asked me, repeatedly, whether or not I thought we would reach an agreement. And I always said, "Yes, I think we will." Because everyone involved was committed to avoiding this very painful, bitter, and prolonged dispute in the United States Senate.

All of us love the United States Senate. We're very proud of our work today. And it is my hope that this can be a model for us as we go forward to confront the important issues facing our country.

**Graham:** Like Mike [DeWine], I was prepared to vote "yes." I've been saying for two years that I thought the filibuster was sort of out of bounds.

And the question I started asking myself is: If you do everything you want to do in life, that's your right. But there's some things you can do, maybe you shouldn't do.

We're at war. Kids are dying as we speak. And now I think the Senate is back in business. I could vote to change the rules. And like John, said, "I don't know what would happen." Senator Warner said, "I don't know what would happen."

Here's what I know is going to happen now. People at home are going to be very upset at me for a while.

Judges are going to get a vote that wouldn't have gotten a vote otherwise. We're going to start talking about who would be a good judge and who wouldn't. And the White House is going to get more involved and they are going to listen to us more.

Some of them are going to make it on our up-and-down vote and some of them won't. And that's been the history of the Senate for 200 years.

Bottom line: We can repair it in a way that will allow the country to have a Senate that functions for the common good, because Social Security is coming apart and kids are dying. That's why I changed my attitude and that's why I'm willing to change my vote, because this is a lot bigger than me.

**Salazar:** Let me first say there are two colleagues that signed the agreement who are not here today, Senator [Daniel] Inouye [D-Hi.] and Senator [Lincoln] Chafee [R-R.I.]. And I think they represent in the same way the spirit of bipartisanship and cooperation that you see among the Senators who are here at this press conference.

For me, I am ranked number 100 in the United States Senate. Senator Byrd is number one. And I think that when you look at where we come from, we come from a sense of wanting to have solutions for the problems that face our country.

For me, even though I have been here only a period of approximately five months, what I have found most troubling about Washington, D.C., is the poisonous atmosphere of partisanship that exists in this Capitol.

And I'm hoping that the statement that these Senators are making here today is a statement that says that in order for us to solve the problems of our country in this generation and to the future, it's going to require people that are wanting to unite us, not people who want to divide us. And I think this is a statement of unity that you see coming from these Republican and Democratic Senators who are here before you today.

**Warner:** Before we close out our opening remarks, all of us have gained a tremendous respect for the leadership shown by Senator McCain and Senator Ben Nelson. So with that, let's open the floor for just a few questions.

**Q:** Senator Warner, again, of course, I know you talked a lot about trust being the operative mechanism here, but how will the group of you determine whether a Senator's objection to a judge falls into the category of extraordinary or not?

**Warner:** It's subjective. It's very clear and subjective. And let me talk a little bit about the group. We're not trying to set ourselves up as some mini-structure in this system, in any way to challenge our leadership. I personally [think] that in due course our leaders are able to reconcile such differences as they have, and that this thing will flow with the traditions of 216 years in our Senate.

**Q:** You've been meeting and talking for days. Can you describe for us what was the turning point that allowed you to come together and reach this agreement? What happened?

**Warner:** I think the ability for all of us to meet freely together, express our views and I think we have good, strong leadership here. Senator Byrd was present. These two leaders behind us.

Do you want to add something?

**Collins:** Yes. The impetus was when the vote was scheduled. We realized it was now or never.

**DeWine:** We ran out of time.

**Q:** Senators, your agreement is silent on most of the Michigan judges. Was that because of the offer that Senator Reid had already made?

**Warner:** We'll not get into picking judges up here.

**DeWine:** We were silent about a lot of judges.

**Q:** What happened with the proposal having to do with [inaudible] recommendations to the White House—

**Warner:** That was carefully thought through and Senator Byrd and I over the weekend, talked to him a half-a-dozen times and we came up with revised language—

[cross-talk]

**Lieberman:** Which was actually broader.

**Warner:** But very clearly pointing out the use by the Founding Fathers of the words "advice and consent." And that is spelled out in that second sentence about the consultation—

**Q:** Does this mean that a Supreme Court nominee will not be filibustered?

**Nelson:** No. If there's a Supreme Court nominee that would fall within the category of extraordinary circumstances, that Supreme Court nominee could get filibustered. The key here is that we're operating in good faith, so that there's no intent to try to do this in some way other than extraordinary circumstances.

But we did reserve, and as we must, the individual right and responsibility to exercise judgment and discretion in determining extraordinary circumstances.

Now, obviously, we'll be judged in part by our colleagues as to our sincerity and our intent. We think that happens in any event. This agreement is no different.

**DeWine:** Let me just add something to that, if I could. And we believe that that's not going to happen. But we also, of course, implicit in this, is that we reserve the right that [if] we don't believe that they have exercised good faith and have filibustered in something that is not extraordinary circumstances, we reserve the right, of course, then to—

**Unknown:** Individually.

**DeWine:** —individually, on individual decisions, to vote "yes" on the issue of the constitutional option.

**Lieberman:** Let me just add one word on this point. We've made promises, expressions of good faith. And our intention is to make sure that those are realized, that filibusters only occur at extraordinary circumstances, and that there will be no so-called nuclear option.

But I think it's very important to say that we've come together through this process. And that this is not a case where we signed a piece of paper and we're going to walk away. We've all agreed to continue to consult with one another, particularly if we reach the moments where we question whether we have seen an extraordinary circumstance.

So there's a process to guarantee.

**Warner:** Folks, we thank you very much. Thank you. Good night.



## Reid: 'Abuse of Power Will Not Be Tolerated'

*Senate Minority Leader Harry Reid (D-Nev.) held this press conference on May 23, following the announcement by 14 Senators that they had reached an agreement to avert the "nuclear option." Reid was joined by Senators Charles Schumer (D-N.Y.), Richard Durbin (D-Ill.), and Barbara Boxer (D-Calif.)*

**Reid:** This is really good news for every American tonight. This so-called nuclear option is off the table. This is a significant victory for our country, for our democracy, and for every American.

Checks and balances have been protected. The integrity of the Supreme Court has been protected from the undue influence of the vocal, radical right wing.

Tonight the Senate has worked its will on behalf of reason and on behalf of responsibility. We have sent President George Bush, Vice President Dick Cheney, and the radical arm of the Republican base an undeniable message: Abuse of power will not be tolerated, will not be tolerated by Democrats or Republicans. And your attempt—I say to the Vice President and to the President—to trample the Constitution and grab absolute control is over.

I offered Senator Frist several options, similar to this compromise, over many months. And while he was not able to agree, I'm pleased that some responsible Republicans and my colleagues were able to put aside their differences and work from the center.

I don't support several of these judges that have been agreed to, that are outside the mainstream of American jurisprudence and basic common sense. But we have had to move forward and, as Senator Byrd said, we have a republic tonight that's been protected.

I'm happy that my colleagues are here with me.

Each one of these men and women, in addition to Senator Leahy, have been kept apprised of all that has been going on for many, many months now.

I'm grateful for their support. As you know, these two men behind me serve on the Judiciary Committee. And they knew the individuals better than any of the rest of us to begin with. We all know them quite well now.

We would be happy to take a few questions.

**Q:** Senator Reid, the Michigan judges that—

**Reid:** Michigan judges will be approved, except for Saad, of course.

**Q:** How confident are you that this doesn't blow up over a Supreme Court nominee?



*Sen. Harry Reid: "The integrity of the Supreme Court has been protected from the undue influence of the vocal, radical right wing."*

**Reid:** The Senate is going to act its will. Now there are rumors that there will be vacancies on the Supreme Court. And if there is, we believe that the President should do just as President Clinton did. And as President Clinton dealt with Chairman Hatch: Have a little consultation, advise and consent.

And I have seen a number of lists of Supreme Court nominees that have been suggested in the White House. These are people that we're happy to take a look at.

These two men: Senator Schumer, that's his subcommittee; Senator Durbin is on the committee. We'll look at them.

This should be the Senate as it has always worked for 200-plus years.

We're not out looking to pick fights with President Bush. He shouldn't be out looking to pick a fight with us. This is a very important night for the American people.

**Q:** Senator Reid, do you think that this is going to force President Bush to consult more closely with the Senate before sending up nominations or legislation?

**Reid:** I don't think it should force him to do anything. It just is common sense. We're here to do the people's business. We have important issues to deal with, important issues.

The Senate working at its best was designed by the Founding Fathers to go very slowly. That's what has been the preservation of our republic.

So at best we move slowly. And if the President has an agenda, we're willing to work on his agenda. But he should have a little more humility, I guess is the word I would like to pronounce

**Q:** Will you all continue to filibuster on Myers?

**Reid:** Yes.

**Q:** And Saad?

**Reid:** Yes.

**Q:** Will you hold a filibuster on Myers?

**Reid:** Yes.

**Q:** And Saad?

**Reid:** Yes.

**Q:** [off-mike]

**Reid:** The nuclear option is off the table. The Senate can work as the Senate. How much better could it be, not for Democrats, not for Republicans, but the American people? This is a wonderful time in the experience of this country, that with the nuclear option off the table, we can all start being Senators and really legislate, and stop spending so much time on things that in the past have taken very little time.

Thank you all very much.

## Frist: Up or Down, Up or Down, Up or Down

*Senate Majority Leader Bill Frist (R-Tenn.) made the following remarks on May 23 on the Senate floor.*

Mr. President, I have had the opportunity to review the agreement signed by the Senator from Virginia, the Senator from Arizona, the Senator from Nebraska, and 11 other Senators, an agreement that I've reviewed, but to which I am not a party.

Let me start by reminding the Senate of my principle, a simple principle that I've come to this floor day after day stating, stressing. And it is really this: I fundamentally believe that it is our constitutional responsibility to give judicial nominees the respect and the courtesy of an up-or-down vote on the floor of the United States Senate.

Investigate them, and question them and scrutinize them and debate them in the best spirit of this body. But then vote. Up or down, yes or no, confirm or reject, but each deserves a vote.

Unlike bills, nominees can't be amended. They can't be split apart. They can't be horse-traded. They can't be log-rolled. Our Constitution does not allow for any of that. It simply requires up-or-down votes on judicial nominees.

So in that regard, the agreement announced tonight falls short of that principle. It falls short. It has some good news and it has some disappointing news. And it will require careful monitoring.

Let me start with the good news. I'm very pleased, very pleased that each and every one of the judges identified in the announcement will receive the opportunity of that fair up-or-down vote.

Priscilla Owen: After four years, two weeks, and one day, she will have a fair and up-or-down vote.

William Pryor: After two years and one month, he will have a fair up-or-down vote.

Janice Rogers Brown: After 22 months, a fair up-or-down vote.

Three nominees will get up-or-down votes with certainty now because of this agreement, whereas a couple of hours ago, maybe none would get up-or-down votes. And that would have gone wrong.

And with the confirmation of Tom Griffith to the D.C. Circuit Court of Appeals, which we've been assured of, though it is not part of this particular agreement, there will be four who will receive up-or-down votes.

And based on past comments on this floor although not in the agreement, I expect that David McKeague, after three years and six months, will get a fair up-or-down vote.

I expect that Susan Neilson, after three years and six months, will get a fair up-or-down vote.

And I expect that Richard Griffin, after two years and 11 months, will get a fair up-or-down vote.

Now the bad news to me, or the disappointing news in this agreement: It's a shame that well-qualified nominees identified by those 12 nominees are threatened still with not having the opportunity to have the merits of their nominations debated on the floor.

Henry Saad has waited for three years and six months for the same courtesy. Henry Saad deserves a vote. Not in this agreement.

William Myers has waited for two years and one week for a fair up-or-down vote. He deserves a vote. But not in this agreement.

If Owen, Pryor, and Brown can receive the courtesy and respect of a fair up-or-down vote, so can Myers and Saad.

So I will continue to work with everything in my power to see that these judicial nominees also receive that fair up-or-down vote that they deserve. But it is not in this agreement.

But in this agreement is other good news. It's significant that the signers give up using the filibuster as it was deployed in the last Congress in the last two years. The filibuster was abused in the last Congress.

Ten nominees were blocked on 18 different occasions, 18 different filibusters in the last two years alone, with a leadership-led minority party obstruction threatening filibusters on six others.

That was wrong. It was not in keeping with our precedents over the past 214 years. It made light of our responsibilities as United States Senators under the Constitution. It was a miserable chapter in the history of the Senate, and I believe brought us to a new low.

Fortunately, tonight, it is possible that this unfortunate chapter in our history can close, because this arrangement makes it much less likely, indeed nearly impossible for such mindless filibusters to erupt on this floor over the next 18 months. And for that I am thankful.

Circuit Court and Supreme Court nominees face a return



*Sen. Majority Leader Bill Frist in a happier day (May 19), before the accord to block the nuclear option. He was trying to rally African-American pastors to support Bush's nomination of fascist judges.*

to normalcy here in the Senate where nominees are considered on their merits. The records are carefully examined. They offer testimony. They are questioned by the Senate Judiciary Committee. The committee acts and then the Senate discharges its constitutional duty to vote up or down on a nominee.

So given this disarmament on the filibuster and the assurance of fair up-or-down votes on nominees, there is no need at present for the constitutional option. But with this agreement, all options remain on the table, including the constitutional option.

If it had been necessary to deploy the constitutional option, it would have been successful and the Senate would have, by rule, returned to the precedent in the past 214 years. Instead, tonight, members have agreed that this precedent of up-or-down votes should be a norm of behavior as the result of the mutual trust and goodwill in that agreement.

I, of course, will monitor this agreement carefully as we move ahead to fill the pending 46 Federal vacancies today and any other vacancies that may yet arise during this Congress.

I have made it clear from the outset that I haven't wanted to use the constitutional option. I do not want to use the constitutional option. But bad faith and return to bad behavior during my tenure as majority leader will bring the Senate back to the point where all 100 members will be asked to decide whether judicial nominees deserve a fair up-or-down vote. And I will not hesitate to call all members to their duty, if necessary.

But for now, Mr. President, ratify that our principle of constitutional duty to vote up or down has been taken seriously, and as reflected in this agreement, I look forward to swift action on the identified nominations.

Now, the full impact of this agreement will await its im-

plementation, its full implementation.

But I do believe that the good faith and the goodwill ought to guarantee a return to good behavior, appropriate behavior on the Senate floor, and that when the gavel falls on this Congress, the 109th Congress, the precedent of the last 214 years will once again govern up-or-down votes on the floor of the United States Senate.

Now, this will be spun as a victory, I would assume, for everybody. Some will say it is a victory for leadership, some for the group of 14. I see it as a victory for the Senate. I honestly believe it is a victory for the Senate where members have put aside a party demand to block action on judicial nominees. They rose to principle and then acted accordingly.

I'm also gratified with how clearly the Democratic leader has repeated over and over again during this debate how much he looks forward to working with us, and I with him, as we move forward on the agenda of the 109th Congress.

Our relationship has been forged in part by circumstance, but it has been leavened by friendship. I look forward to working with him as we work together to move the nation's agenda forward together.

We've got a lot to do, from addressing those vital issues of national defense and homeland security, to reinforcing a bill that hopefully will come very soon addressing our energy independence, our role as a reliable and strong trading partner, to an orderly consideration of all the bills before us about funding and to put the deficit on the decline.

I look forward to working with the Democratic leader on these and many other issues of national importance.

Mr. President, a lot has been said about the uniqueness of this body. And, indeed, our Senate is unique. And we all, as individuals and collectively as a body, have a role to play in ensuring its cherished nature remains intact.

And, indeed, as demonstrated by tonight's agreement and by the ultimate implementation of that agreement, we have done just that.

It has withstood mighty tests that have torn other governments apart. Its genius is in its quiet voice, not in any mighty thunder. The harmony of equality brings all to its workings with an equal stake at determining its future.

In all that the Senate has done in the last two years, I, as leader, have attempted to discharge my task to help steward this institution consistent with my responsibilities, not just as majority leader and not just as Republican leader, but also as a Senator from Tennessee.

In closing, tonight, Mr. President, with this agreement, the Senate begins the hard work of steering back to its better days, leaving behind some of its worst.

While I would have preferred and liked my principle of up-or-down votes to have been fully validated for this Congress, now we have begun our labors for fairness and up-or-down votes on judicial nominees with a positive course.

And as all involved keep their word, it should be much smoother sailing.

## Rumsfeld's Base-Closing Plan Is a Huge Real Estate Swindle

by Carl Osgood

Lyndon LaRouche, commenting on Secretary of Defense Donald Rumsfeld's base closing plan on May 15, noted that embedded in those decisions is an insane plan to decentralize U.S. military infrastructure. This is not base closing, LaRouche said, because there is no net closure of bases. It is base switching—to far-out suburbs of the major urban centers of the United States. The action is aimed at building up a new real estate bubble in remote suburban areas, which do not have the infrastructure to absorb these bases, and the families and service requirements that go along with them. The resulting process will *increase* costs, not decrease them.

This is yet one more totally insane real estate swindle playing out, LaRouche asserted. The Pentagon plan is another intervention into the bubble economy, much as the "Year-2000 bug" was used to prop up the IT bubble in the late 1990s. As if to confirm LaRouche's analysis, the Pentagon's Base Realignment and Closure (BRAC) report in fact states, "For some communities, surplus military installations represent advantageously located real estate in the midst of rapidly growing and prosperous local economies."

In the days following LaRouche's comments, evidence emerged, in news reports, that tended to confirm his view. The most prominent example was the *Washington Post's* May 23 coverage of the plan to close the Walter Reed Army Medical Center in Washington, D.C., and transfer its operations to a new facility, to be built next to the Bethesda Naval Medical Center in nearby suburban Maryland. The *Post's* coverage focussed on the desirability of the 113 acres that the current hospital sits on in Northwest Washington, and reported that everyone, from real estate brokers and developers, to city planners and elected officials, was already laying claim to it. The paper quoted one developer, drooling over the site's size. "There's not 113 acres anywhere around here that's going to be available. The size allows you to do

a lot of different things that can really have an impact."

As for the area of Maryland around the Bethesda Center, the receiving end of this transfer, local officials quoted made clear that the area's roads would be overwhelmed by the traffic of staff, patients, and visitors to current Walter Reed. On another "transfer," Virginia Sen. John Warner said that two lines of Washington's Metro subway system would have to be built out to the Ft. Belvoir area in Virginia, to handle the gridlock.

Walter Reed is hardly unique, however. Willow Grove Naval Air Station occupies 1,100 acres about 20 miles north of Philadelphia, the possible closure of which has real estate developers' tongues hanging out. "When I hear 1,100 acres might be available, I think about how many houses I could build," said one developer quoted by the May 15 *Philadelphia Inquirer*. "It is mind-boggling," said another. Another such prospect is the Portsmouth Naval Shipyard in Kittery, Maine. Developers, because of its waterfront location near the major highway that leads north from Boston, are hoping to put up office buildings for information technology and related types of businesses. All of this speculation is happening despite the history of the base-closing process of the 1990s, which warns that it will take anywhere from three to nine years before each facility on the list is available for development.

Nor is this speculative lust limited to facilities that are going to be closed. Certain large Army bases are slated to gain up to 11,000-12,000 people, as troops are withdrawn from Europe, and they will require housing, schools, health care, and some place to work. Fort Carson, Colorado, for example, expects a net gain of 4,377 positions, mostly military, from the relocation of an Army brigade from Germany. Fort Benning, Georgia expects a net gain of almost 10,000; Fort Bliss, Texas, 11,501; and Fort Riley, Kansas, 2,855.

LaRouche noted that infrastructure to support all of these new people doesn't exist, and so would have to be built.

Since the economic impact of military bases extends well outside their gates, these relocations would also have an impact on local communities, driving up real estate prices and increasing the burden on local economic infrastructure. The Army reports that a review of that infrastructure has revealed "some issues" regarding the ability of communities to support the additional forces. The cities of El Paso (Fort Bliss) and Manhattan, Kansas (Fort Riley), the Army report warns, "must cooperate fully and quickly to assess requirements and implement them, especially in areas of housing and schools." It further warns Ft. Bliss that the proposed growth "results in significant additional water demands for the Fort Bliss region and therefore the installation will likely have to purchase or develop new potable water resources."

The BRAC Commission, chaired by former Secretary of Veterans Affairs (VA) Anthony Principi, is charged with reviewing the Pentagon recommendations and submitting its own report to the President by Sept. 8. The President must

then submit the commission's recommendations to the Congress by Nov. 7. If the Congress does not enact a joint resolution of disapproval (which must be signed by the President), then the recommendations become binding, 45 legislative days after the President's submission.

Although Principi has declared that the commission will not "rubber stamp" the Pentagon's plan, and has even hinted at changes, the commission did not give Rumsfeld, and Joint Chiefs of Staff chairman Gen. Richard Myers, a particularly difficult time when the two appeared before the commission on May 16. Principi and some other members did express concern about 70,000 troops (plus 100,000 family members) quitting Germany for the United States in the middle of the process—especially since the plan appears to account for only about 15,000 of them. Principi's main qualification for the job, however, appears to be the fact that he presided over a similar process, euphemistically called "CARES," while he was at the VA. That plan will result in numerous VA hospitals being closed throughout the country, including some that, like Walter Reed Hospital, occupy prime real estate.

## House, Senate Bills To Delay Closings

Freshman Sen. John Thune (R-S.D.), whose state stands to lose Ellsworth Air Force Base in Rapid City, introduced legislation (S. 1075), on May 18, that would effectively stop the military base closing process until certain conditions are met. Companion legislation was introduced in the House (H.R. 2427) the same day, by Democrat Stephanie Herseth, also from South Dakota; and another to postpone closings (H.R. 2511) was put in May 19 by Rep. Ron Paul of Texas. Joining Thune's legislation are ten other Senators whose states also stand to lose major bases: Jeff Bingaman (D-N.M.), Susan Collins (R-Me.), Pete Domenici (R-N.M.), Judd Gregg (R-N.H.), Tim Johnson (D-S.D.), Trent Lott (R-Miss.), Lisa Murkowski (R-Ak.), Olympia Snowe (R-Me.), Ted Stevens (R-Ak.), and John Sununu (R-N.H.). Likewise, Herseth's bill has 16 cosponsors. Seventeen Senators and 14 governors have written in protest to Defense Secretary Rumsfeld.

Three conditions are specified in the Thune legislation, to be met before any stateside bases are closed: 1) the overseas reposturing is completed; 2) the upcoming Quadrennial Defense review is completed; and 3), there is a substantial draw-down of U.S. forces in Iraq. At the conclusion of these events, and before closing any more bases, the Defense Department would have to submit a study to the Congress on the impacts of those actions.

If implemented, the Administration's current policy of closings is huge. Maine stands to lose the Portsmouth Naval Shipyard in Kittery, which also employs workers from New Hampshire; New Mexico will lose Cannon Air Force Base; and Mississippi, the Pascagoula Naval Base. Although the only closing in Alaska is an Air National Guard station that will transfer its operations to nearby Elmendorf Air Force Base, total realignments are calculated to cost that state more than 4,600 jobs.

Speaking at a bi-partisan press conference May 19, Thune said, "To be, in sort of an indiscriminate way, closing all these bases around the country, seems to be very poorly timed." Senator Snowe, noting how hard the base closings of the 1990s hit New England, added, "What we're seeing is a total abandonment of our region of the country, without a doubt."

An effort by Rep. Jeb Bradley (R-N.H.), who is a cosponsor of the Herseth bill, to amend the overall FY 2006 defense authorization bill with language similar to the bi-partisan anti-closings bills, failed in the House Armed Services Committee on May 18. This, despite the fact that committee chairman Duncan Hunter (R-Calif.) has expressed support for keeping open the Navy's submarine base at Groton, Conn. Bradley pushed consideration of his amendment to the whole House on May 25, where lengthy debate ensued, followed by a yea-or-nay vote, lacking a quorum.

Bradley is stressing the base closings' threat to the advanced industrial capabilities of the nation. The Portsmouth Naval Base, 200 years old, is licensed for advanced nuclear technology work, for example.—*Carl Osgood*

# Vets Face Deepening Austerity at the VA

by Carl Osgood

The Bush Administration, from the President himself, to Secretary of Defense Donald Rumsfeld, to public affairs officers at every level, constantly proclaim the virtues of the American soldier, and their support for giving him everything he needs. On Memorial Day, President Bush will make the solemn journey to Arlington National Cemetery, and extol the sacrifices made by the members of America's armed forces in every war, including the present wars in Iraq and Afghanistan. Yet, veterans of those same wars are finding a different story when they turn to the Department of Veterans Affairs for health care. They are finding "reprioritization"—where different groups of veterans have to compete against each other for care—and a ratcheting down of services.

Steve Robinson, the executive director of the National Gulf War Resource Center, gave a number of anecdotal examples to *EIR* on May 25. He reported that a Veterans Affairs hospital in Kansas has only two doctors to treat 800 people in its mental health program. He also learned, in a Washington state meeting between veterans and Democratic Rep. Jim McDermott, that Vietnam veterans there say they are being told that they can get only one clinical visit every three months for post-traumatic stress disorder (PTSD), whereas they used to be able to get two per month.

Robinson also reported that older groups of veterans from earlier wars are seeing their appointments cut back or canceled, so that the system can make room for the new ones. Robinson called this pitting of one group of veterans against another "unconscionable." "I think both [World War II and Iraq war veterans] equally have a right to care, and as an obligation of the government, they have an obligation to make the system so that you don't pit one veteran against the other, or reshuffle priorities in order to take care of the newer veteran," he said.

## Human Toll of the Iraq War

While VA officials downplay the numbers of Iraq and Afghanistan war veterans seeking care at VA facilities, as only a small percentage of the patients in the system, the need is nonetheless large, and will only grow as long as the Cheney policy of perpetual warfare is in effect. The cost of that policy is, in fact, many times larger than the official Pentagon statistics would suggest. As of May 26, the Defense Department reported that 1,646 American military personnel had been killed in Iraq and another 12,630 wounded. Yet, Air Force

Surgeon General Lt. Gen. George P. Taylor, Jr. testified to the Senate Appropriations Committee on May 10, that Air Force aeromedical evacuation units had completed 55,000 patient movements since the beginning of the Iraq war.

Nine days later, John Brown, the director of the VA's "Seamless Transition Office," in a prepared statement to the House Veterans Affairs Committee, reported that out of 360,674 Iraq and Afghanistan veterans who had separated from active duty as of February 2005, nearly one-quarter, or 85,857, had sought care at VA medical facilities. The number of patient movements out of Iraq, plus the number of veterans seeking VA health care, is about 140,000. Even allowing for some overlap in the two figures, the human cost of Dick Cheney's Iraq war is already very large. Many of these people will be suffering from the effects of their service for the rest of their lives.

The most common health problems of Iraq and Afghanistan veterans, Brown reported, have been joint and back disorders, and diseases of the digestive system, including teeth and gum problems. But 11,224 have sought services for PTSD or other psychological disorders. Brown claimed that these numbers only represented about 1% of VA's overall patient load and 3% of VA's PTSD patients. But they are apparently enough to deny services to older veterans of previous wars, in order to address the needs of these new veterans.

Estimates are that 1.1 million-1.4 million service members have deployed to Iraq or Afghanistan (or both). If one quarter of that number seek medical care, that adds up to about 275,000 going to Veterans Affairs hospitals and clinics over the next few years. Despite this foreseeable increased load, the Senate in April rejected an attempt to add more money for veterans' health care to the Iraq war supplemental bill. Sen. Patty Murray (D-Wash.), the sponsor of the amendment, told the Senate, "The VA is not prepared to deal with soldiers coming home. It is an emergency today. If we don't deal with it, it will be a crisis tomorrow." Her amendment would have provided \$1.975 billion to the VA, including \$525 million for mental health programs, but it was turned back by a vote of 54-46. Senate Appropriations Committee chairman Thad Cochran (R-Miss.) lamely explained the rejection: "The Administration has not asked for these funds."

Most people who have joined the military over the last couple of decades, expected that they would receive lifetime medical and dental care, especially if they are injured or suffer psychological trauma as a result of their service. Although veterans were put into categories in the mid-1990s, by degree of military-related disabilities and income, it took the Bush Administration to make a mockery of that lifetime promise. Its Fiscal 2006 budget increases co-payments and fees from certain categories of veterans, for the express purpose of reducing the number of veterans in the VA's medical system. What veterans need, Robinson said, is "a funded VA. We need access to care and we need the nation to uphold the commitment that it made when we volunteered to join."

# Cuts, Real Estate Deals Target VA Hospitals

by Marcia Merry Baker

The Veterans Affairs Department is currently carrying out a process intended to designate, by February 2006, more than a dozen major VA hospital campuses for real estate sell-off, or lease—all or in part. The sites range from New York City, to Pittsburgh, to Los Angeles (see map, page 24). Using talk about “business-based” decision-making for “asset-value” and real estate revenue, the VA calls its scheme, “Capital Asset Realignment for Enhanced Services” or CARES. It speaks of divesting itself of outmoded properties and facilities to marshall assets and provide better service. However, CARES is part of an overall operational policy of implementing *reductions in ratios of hospital beds, staff, and facilities to serve the nation’s 23,100,000 Veterans.*

VA waiting lines are already long for all kinds of medical procedures and appointments. The crisis-situation of lack of infrastructure would show up even more, but in 2003, the Bush/Cheney Administration closed enrollment to certain categories of Vets, who are above a certain income, and/or may have not had combat injuries (VA Categories 7 and 8). Among veterans now under 65 years old—about 17.1 million people—an estimated 12% have no health care coverage at all. This cohort, plus the over-65 Vets, and the newly demobilized Vets from Iraq and Afghanistan postings, who have intense medical needs, show that the VA system should be expanded, not reduced. However, the Bush FY 2006 budget called for an increase of merely \$25 million for the VA medical program, and also called for upping enrollment fees, co-pays for drugs, and other levies on Veterans.

Over April and May, a round of public meetings was held to take public comment at 18 VA hospital sites, more than 10% of its hospital centers, targeted for potential sell-off, shutdown, relocation, etc. The VA has hired PriceWaterhouseCooper and other firms to provide sales and lease valuations of VA properties as commercial cash sources—many are sited for decades on prime urban or rural campuses. The process was launched in May 2004, with the release of the VA “CARES” Report, which identified an initial pool of dozens of the 150 or so VA hospitals for such rationalization.

PriceWaterhouse lists 15 medical campuses for its “re-use” considerations, by which is meant, revenue-generation, and not exclusively health care activities: Boston; Brooklyn/Manhattan; Louisville; Waco and Big Spring, Tex.; Walla Walla, Wash.; Canandaigua, New Montrose/Castle Point, and St. Albans, N.Y.; Lexington; Livermore, Calif.; White City, Ore.; Perry Point, Md.; Gulf Port/Biloxi, Miss.; and West

Los Angeles. PriceWaterhouse explicitly states the real estate swindle intentions of the Bush/Cheney Administration, describing CARES’ objectives:

- “Determine best use of VA assets and the best configuration of these assets”;
- “Determine Potential for VA to capitalize on valuable real property”;
- “Determine the real estate potential for each campus.”

The claim that the VA is underutilizing these centers covers up the fact that enrollment is being suppressed; and the replacement, expansion, and upgrading of facilities, for a full-service VA system, has not been taking place. The VA projection that demand for its medical services will decline after 2009 ignores the realities of the ongoing and recent wars.

In Walla Walla, Wash., for example, on May 4, the VA forecast that patient demand at the Medical Center there would rise 38% in 10 years, and fall after that. Sen. Patty Murray (D) urged them to relook at their figures, saying that keeping the Walla Walla hospital open, is, “absolutely necessary to meet the diverse needs of this region’s veterans population.” There are at present some 69,000 Veterans living in that VA service area, and the Walla Walla VAMC is facing a \$1.4 million budget deficit this year because of increased demand from Vets. Shutting it down would kill 350 jobs. A counter proposal, for how to upgrade the hospital and meet future needs, has been presented by Walla Walla Port Commissioner Fred Barnett.

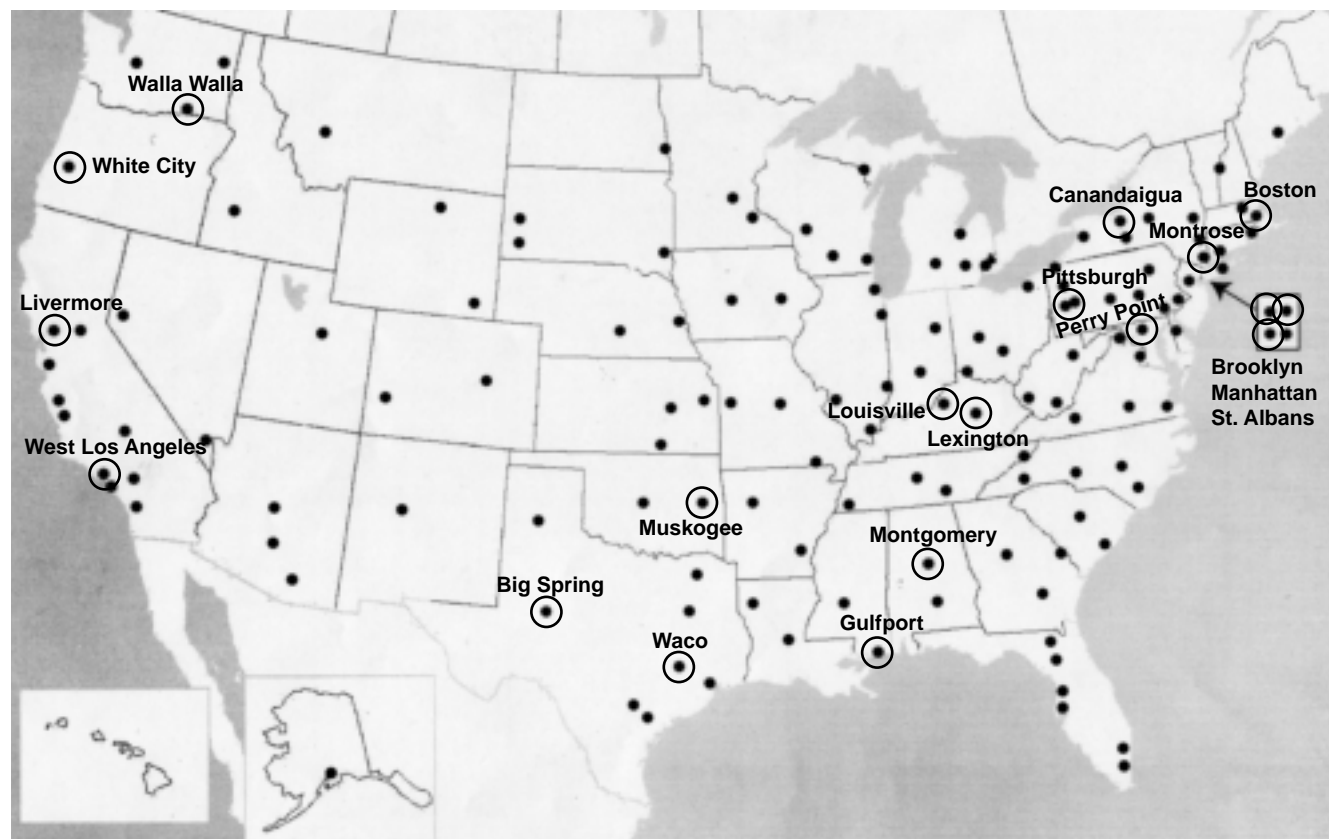
On May 3, 500 people attended a public meeting in Waco, demanding that the VA cancel any intentions to shut the VA Center, and called for expanding services especially to treat post-traumatic stress syndrome. Waco Mayor Robin McDurham and community leaders proposed—as a counter to shutdown—to invite area medical service providers like Hillcrest Baptist Medical Center, Salvation Army, and so on, to utilize any currently unused VA buildings on the Waco campus. In the face of this, Jose R. Coronado, VA Regional Director for South Texas, backpedaled. He told the adamant crowd, “I don’t think anyone has evil thoughts about Waco,” and he maintained that the VA has backed off plans for closing the Waco VAMC.

Suppressing services, and stiffing VA staff and facilities, is already reaching the acute stage in many locations. On May 24, for example, a class action suit was filed by residents of the U.S. Armed Forces Retirement Home in Washington, D.C., against Defense Secretary Donald Rumsfeld, claiming that Defense Department’s mandated cuts since 2002 have resulted in substandard care, harm, and deaths. Since 2003, the number of staff doctors has been cut from nine to three, and other staff reduced by 10%; deaths among the 1,000 veterans at the home (founded in 1851) more than doubled in 2004.

Anthony Principi, VA Secretary from 2001-04, who led the development of the CARES destructuring proposal, was made interim head of the base-closing drive this Spring—against strong bipartisan Congressional opposition—in a recess-appointment by Bush.

FIGURE 1

## Veterans Affairs Medical Centers, 2004: Eighteen Are Targetted for Shut-Down and Sell-Off



Source: Department of Veterans Affairs, CARES Decision, May 2004, Office of the Secretary; [www.va.gov](http://www.va.gov).

*Shown are locations of most of VA's 163 major hospitals, known as Veterans Affairs Medical Centers. The 18 named sites are on the short list currently under active consideration for VA decision by February 2006, to close them, relocate their services to a different site, or "re-organize" them. This process was begun during the first George W. Bush Administration, and euphemistically termed, "Capital Asset Realignment for Enhanced Services" (CARES). Photos and specifics for four of the targetted sites are accompanied by quotes from the May 2004 "CARES Decision" report. They rationalize an intended real estate-gain objective from the lease or sale of the hospital properties.*



*The VA Medical Center in Waco, Texas, on a 123 acre site, is part of a 36-facility complex called the Central Texas Veterans Health Care system. Waco accepts referrals from several Veterans Integrated Service Networks (VISNs)—the regional organization units for the VA—for chronically mentally ill patients, and is a national referral facility for rehabilitation of the blind. The Waco facility itself operates 346 acute inpatient beds, 191 psychiatry beds, and 15 beds for rehabilitation of the blind, with an average daily census of 206 patients. CARES says it will "identify options for divesting or leasing a significant portion of the underutilized property in order to generate savings and revenues," and transfer services to other locations.*



*The VA New York Harbor Healthcare System (VA NYHHS) consists of three campuses located in Manhattan, Brooklyn, and Queens. Shown are the Manhattan (above right) and Brooklyn facilities (center).*

*Manhattan has bed services in acute medicine, surgery, acute psychiatry, neurology, and rehabilitation medicine. It is the referral center for Interventional Cardiology, Cardiac Surgery, and Neurosurgery. The facility has been at the forefront of clinical care and research for patients with HIV/AIDS since the beginning of the epidemic. A Preservation and Amputation Care Team (PACT) and the Prosthetic Treatment Center are also located here. The Prosthetic and Orthotic Lab is the only laboratory authorized to fabricate definitive artificial limbs. Four of the many programs here are designated VHA Programs of Excellence.*

*The Brooklyn Campus is a tertiary-care academically affiliated medical center, housing beds in acute medicine, surgery, psychiatry, and residential substance abuse. Specialized programs exist in comprehensive cancer care and non-invasive cardiology. It is affiliated with the State University of New York-Downstate (SUNY) with residency programs in many, many fields, and is a preferred site for the training of medical students.*

*The CARES report says the VA will study the feasibility, the “expected cost-effectiveness” and impact of combining the Brooklyn and Manhattan VAMCs. Plans include the development of “multi-specialty” outpatient clinics.*



*The Jonathan M. Wainwright Memorial VA Medical Center in Walla Walla, Washington is a 66-bed facility. It is located on an 84-acre campus, at the site of an historic U.S. cavalry fort, Fort Walla Walla, established in 1858. Fifteen of the 28 buildings of the VA complex are listed on the national register of historic sites.*

*This VA Medical Center currently provides inpatient medicine, psychiatric, and nursing home care services, as well as outpatient care, reaching a 42,000-square-mile primary service area.*

*The CARES Commission proposes to close the Walla Walla VAMC, to contract in the geographic area for the services it now provides, and to let the VA “identify options to divest or lease excess property to generate revenues.”*

# Italian Parliamentarians Fight Against Usury, for Return to a Real Economy

Italy's Chamber of Deputies debated and passed a resolution on April 6, written in collaboration with the LaRouche political movement in Italy, which called on the Italian government to convene an international meeting of heads of state "to create a new and more just global monetary and financial system." It was supported by Deputies from all the parties. We publish below, two interviews with Italian Parliamentarians who support the resolution. (See last week's *EIR* for two other interviews.)

Since the April Italian vote, a call for a New Bretton Woods, issued by Schiller Institute President Helga Zepp-LaRouche, has been circulated worldwide, and has garnered signatures from lawmakers, diplomats, former government officials, and others from many countries, including the two Italian Parliamentarians interviewed below.

The full call and the list of signators can be found at [www.bueso.de](http://www.bueso.de).

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## Interview: Alessandro Delmastro delle Vedove

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*Alessandro Delmastro delle Vedove is a lawyer in the city of Biella, in Italy's northern Piedmont region. He was elected to the Chamber of Deputies for the second time in 2001, as a representative of the National Alliance (Alleanza Nazionale), the conservative party led by Gianfranco Fini, the Foreign Minister in Silvio Berlusconi's government coalition. He is a member of the Culture Commission and Transport Commission in the Chamber, and has intervened in the Parliament many times, on economic matters, speculation, Argentina, and other issues, using analyses developed by EIR.*

*This interview was conducted by Paolo Raimondi in Rome in late May, and translated from Italian.*



**EIR:** I would like you to begin by giving us your evaluation of the national and international importance of the debate and

vote in the Chamber of Deputies on the New Bretton Woods motion, and telling us about your support of the motion as a member of a party in the current government coalition.

**Delmastro:** I will tell you something which may seem obvious: I said that everyone who thinks the free market has the ability to regulate itself, has to realize that this is not true. This does not mean being a dirigist, socialist, or communist; rather, it means that, as a number of rules were written at Bretton Woods in 1944 and worked well for a certain period of time, the same thing must be done again today. If we don't want to call it Bretton Woods because somebody does not like this name,<sup>1</sup> that's not important. We can call it whatever we want, but it is clear we need a set of rules. If we do not agree on something that is so obvious and simple after Parmalat, Cirio, LTCM in the U.S., Argentina, and so on, I don't see what we need to wait for. Maybe the speculators have to come into our homes and steal our wallets from our pockets. . . .

I also believe I said things that are not so special, but simply represent common sense. The drama in today's world is that there is no room for common sense, or it encounters great difficulties. Now, I believe that the debate in the Chamber of Deputies was the most important discussion of the current term of the legislature, without any exaggeration. Because if you compare this debate with all the laws and provisions we vote on every day in the Chamber, we see that here we finally dealt with the international monetary order and the need for rules which should govern international finance. Without such rules, as recently became clear, it is no longer possible to imagine serious and solid economic development that can combine the legality of profit for those who believe in free enterprise, with the necessity of solidarity, which is the basis for creating jobs and providing serene living conditions for all working people.

Without these rules, as we have seen in recent decades, we are moving towards wild speculation and a global systemic crisis—the crisis of all economies—and as in the case of Argentina, towards a default of an entire country. Regarding these defaults, we have to look a bit closer, because we haven't learned much from the case of Argentina. We also have to reject the disgraceful attempt of the most important Italian and international economic press to set 450,000 Italian small investors against the people and government of Argentina. This is not only an economic and legal mistake, but a true

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1. The parliamentary resolution as submitted originally called for a New Bretton Woods, but this formulation was omitted in the bill as it was finally passed.

disgrace, because I do not believe the people who support such positions are in good faith.

The truth is that Argentina went bankrupt because it was strangled and suffocated by the International Monetary Fund (IMF) and the international banking system. The truth is that 450,000 Italian small investors did not know anything about these bonds until one minute before the unscrupulous bankers sold them the bonds. We should remember that many Italian courts have issued judgments, such as in Venice (against Deutsche Bank), Cremona, Genoa, and Ferrara, against certain banks that violated all of the laws regarding the distribution of financial products, including information on risk, and literally defrauded the small investors. These banks were sentenced to reimburse both the capital and interest.

I speak of fraud, and not only guilt, because even as little as two months before the official declaration of default, all our banks, as is demonstrated by the results of the visit of a Chamber of Deputies delegation to Argentina a few months ago, sold the bonds in their possession. They had information about what was coming, and yet, they still called their clients and convinced them to buy these bonds. This is a fact with criminal implications. In such a situation it is despicable to call for a war against the government of Argentina, whose first duty is the defense of its people, and can only offer 25% of the value of the bonds; although I recognize this is an unacceptable amount for the small investors.

It's despicable because if I apply bankruptcy rules in such a case, the first principle which comes to mind is that of *par condicio creditorum*. The immediate consequence is that the IMF, instead of demanding payment not only of the capital but also of interest, has to get into the same line as the small investors while waiting for a solution.

Unfortunately the usurious world system rejects this, and the IMF succeeded in getting part of the interest. It is clear that our country, which has a representative at the IMF, has not done what it should, and it is also clear—from their silence—that the international economic media does not want to face the real problem: There was massive fraud by the banks and the IMF. One cannot provoke a war between the poor; justice must be reestablished, and rules must be written to prevent countries from being impoverished by organizations like the IMF.

I remember that some time ago, there was an attempt—which unfortunately was aborted—to establish an alliance between Argentina and Brazil in dealing with the IMF. There were contacts between [Argentine President] Kirchner and [Argentine Economy Minister] Lavagna on one side, and [Brazilian President] Lula on the other, in an attempt to find the unity to finally say: We are no longer able to pay a usurious debt. Unfortunately, it seems that Brazil got a bit weakened on this project. I understand also why, because I am a criminal lawyer and I am often involved in trials regarding usury, and I understand the weak position victims of usury find themselves in. If the usurer can also count on the support of the media, it's clear that you will lose.

In addition to Argentina, there are also all the other cases we mentioned, such as Cirio, Parmalat, LTCM, and Enron, that are similar to Argentina. This means that the world can no longer continue with an economy which is virtual and based on usury at the same time. We must return, including from a philosophical standpoint, to the concept of real economy.

You see, I come from a region which has industries that are important and profitable because of the intelligence of the entrepreneurs and the abilities of the working people. At a certain point, we went towards a situation in which even some small entrepreneurs began to think they could produce profits, not with investment, intelligence, technological research, and collaboration with the working people for the common good, but simply by buying and selling financial instruments. Why?

If we don't lose our memory, we can recall that many years ago, the papers reported that even in high schools, students were asked to collect money to buy shares on the Stock Exchange, and then to sell them few days later and make a profit. This ignores the fact that the Stock Exchange was created not with the aim of short-term financing, but rather for medium- and long-term investments in important ideas and in entrepreneurial capabilities. It was transformed into a hit-and-run system where maybe 5,000 people know what is happening ahead of time, and the others—millions of small investors, families, and unlucky wretches—are enticed into giving their savings, retirement pay, the fruits of their labor and enterprise, just to then be punished by speculators in the medium term.

From all this, I conclude that, without endorsing socialist, communist, or dirigist doctrines, it is indispensable to establish a system of rules at a global level. On the criminal side, for example, there should be stronger punishment for the crimes of speculation and usury. I presented a legislative proposal on this point, because these crimes affect not only individuals, meaning small investors, but above all they affect the country's economy.

The debate we had in the Chamber, including my intervention, demonstrated that the Parmalat, Cirio, and Argentine bonds cases alone, have affected about 1 million small investors; that means 1 million families, or about 3 million people who saw their money go up in smoke because of a system without rules and controls. In Italy, we also need to mention the inefficiency of the Consob [the equivalent of the Securities and Exchange Commission in the United States], and the Bank of Italy, which is now the last old-style empire still existing. Even in the Vatican, there is discussion over whether the Pope should remain in his position until death. [Bank of Italy Governor] Antonio Fazio, however, seems to sit somewhere between God the Father and the Holy Spirit. . . .

And we see the subjugation of all the political forces to the Bank of Italy, including my own party, National Alliance. We get the feeling that financial speculation is against the real economy by definition, because the real economy is considered a waste of time, as making a profit means investing time

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and hard work, while speculation eliminates time and hard work, and at the same time multiplies the profits. Whoever has an idea of how the LTCM operation worked, knows how a gigantic bubble was created from nothing, through the system of leverage. This is because there are no rules and no controls.

**EIR:** Regarding the de facto bankruptcy of General Motors and the downgrading of its debt to the level of “junk,” a gigantic speculative derivatives bubble has emerged involving hedge funds. It is a situation of “red alert” for the entire financial system. In this context, Lyndon LaRouche, the founder of *EIR* and initiator of the New Bretton Woods campaign, has re-proposed a tax on all derivatives transactions, something which he already did at the beginning of the 1990s, with the aim of bringing the derivatives exposure of the hedge funds and banks out into the open.

**Delmastro:** I believe that it is a good idea. We only need to make a distinction between a tax on these speculative transactions and a tax on so-called legitimate financial income, such as income from investments in bonds and other normal instruments. I say this because in Italy right now, there are people who want to carry out a tricky simplification and demand an increase of taxes on legitimate financial gains. We have to distinguish between the small investor, who invests in the shares of a productive company, and those who are involved in merely speculative activities. A productive firm develops ideas and new technologies, and somebody investing in this supports the idea of innovation. On the other hand, we have to punish those who buy cocoa on the Hong Kong market in the morning and sell it in the afternoon, usually without having any money. On this basis, I express my support for LaRouche’s proposal.

I would like to take the opportunity here to speak about a specific Italian issue which I believe has provoked laughter in the rest of the world. When the deal between GM and Fiat was signed, which was also fully supported by the left political forces here, I said that this was a marriage between two sick people, one with syphilis and the other with AIDS, in an economic sense. Very few people in Italy know that GM’s debt is greater than \$310 billion. It was already foolish to think of a GM-Fiat marriage, including the relocation of production. And then an indebted GM looks at Fiat’s books and says that it is ready to pay \$1.5 billion in order to pull out of the purchase commitment; this is a clear indication that Fiat is also at the end of the road.

Another indication is that 27% of Fiat shares are no longer in the hands of the Agnelli family, but are now held by the banking system. These bankers are not interested in production; they are only interested in financial returns. They will not emphasize research and investment in technology; they will simply emphasize financial gains. This reflects the detachment from the real economy, accepted by almost everybody, with the illusion that one can create wealth from nothing and with nothing. This is not the case, because God has told us that we must live by our work and toil. We thought we could eliminate work, intelligence, and toil, and still go on.

**EIR:** People like George Shultz, and others in the Bush Administration, are pushing for the privatization of Social Security, the American pension system, which would mean giving trillions of dollars of savings to the financial sharks of Wall Street. This will lead to the destruction of the Roosevelt Social System where the state has an important role, and will also represent the greatest fraud in history. . . .

**Delmastro:** There’s no doubt about it. I wonder how it’s possible to decide on something like this without the consensus of the legitimate owners of this money, and I think this would create a very risky situation. A worker has paid into the central pension fund for 25 years, with low but secure interest, and he cannot accept having those savings—because they do represent savings—transferred by the government to a private financial entity and a sector which is risky by definition. . . .

If I’m a worker, what guarantee do I have when we see so many financial crises and bankruptcies all around us? What will happen if the system crashes? Is there a guarantee from the state, the way there is now, or will I be left alone with my new bankrupted financial partner? As I said before, we are dancing on the deck of the Titanic while the iceberg is getting very close; many small icebergs have already hit us, but they haven’t woken us up yet.

It is the system that is in trouble. Like the process of privatization—and I am from Alleanza Nazionale, which is not dirigist or socialist, nor much for free trade. I am for a free market with definite rules that safeguard the interests of society. Savings in the form of future pensions are the most sacred thing that must be protected and respected, because they are the result of the work, commitment, and toil of a worker, and a guarantee for his old age.

This privatization is an economic crime coherent with the

needs of a market continuously in search of good money that it can transform into virtual and speculative money. This market steals good money anywhere it can get its hands on it. In this context, the LTCM case is very illuminating: Here, some real money, real capital, was used to create a whirlwind of speculation which could only produce disasters, except for the few managers that knew how it would end up from the very beginning.

**EIR:** After the discussion in the Chamber of Deputies, what steps do you think we must take at the national and international levels? We have created an Ad Hoc Committee for a New Bretton Woods, initiated by Helga Zepp-LaRouche, President of the Schiller Institute. This call, which you have signed, is garnering support internationally. The news of the April 6 vote in Italy has caused great interest in a number of countries in the developing sector, such as the Philippines, for example, but also in Europe and in the Americas.

**Delmastro:** During the discussion in Parliament, I realized that many people consider it a debate among intellectuals, with little connection to daily life. Since I believe that actually, the problems in daily life can only be solved by dealing with these big problems, I think the supporters of the New Bretton Woods should consider it an absolute necessity to inform people that this is not a completely academic discussion, which involves only 100 economic experts. Rather, it must involve everyone who realizes that the changes in recent years require rules that are absolutely fundamental for the concrete, daily life of each citizen: I believe that this intermediary step, which is sometimes underestimated by the supporters of such a solution, is absolutely essential.

**EIR:** The financial crisis is affecting everybody: In Italy alone, in about one year, the Parmalat and Argentina bankruptcies and derivatives frauds affecting middle-size industries, led to a loss of \$50 billion for families and the country.

**Delmastro:** This proves that these events affect daily life: Afterwards, our government tells us there is no money for this or that program. The first step has to do with the media, because the most important economic media, which depend on these speculators, have imposed a veil of silence over these problems. We have to break this silence. Then, as we saw in the debate, the government couldn't say the issue was exaggerated, but felt compelled to accept the nature of the argument, while only trying to limit the commitment we wanted from the government itself.

I intervened to say that the commitment of the government—which is my government—would be insufficient if it did not take some concrete form. The government should begin to get organized, and it should also instruct the Italian representative at the IMF, for example, to take the appropriate position on these matters. The representatives in these international institutions have to be instructed to become promoters of the indications given by the Parliament. It is unacceptable that in a democratic country like Italy, after

the debate and the commitments made, our representative at the IMF does nothing.

In the coming months, I commit myself to asking the government: What steps have been taken in this direction, that allow me to say that the commitment made in Parliament was followed up by concrete actions? Governments will have to work in synergy, increasingly interacting with the countries which are most affected by this systemic crisis, and with those continents which suffer the most pressure from the IMF and the banking system. It is not enough to propose the cancellation of their debts every once in a while.

I want to return to the fact that I am a criminal lawyer; the classic manner in which usurers function is the following: After having lent \$100 and gotten \$1,500 back in interest, they cancel the rest of the debt because they realize the debtor is crushed and nothing is left over. The world “usurocracy” must be fought by governments that collaborate with the productive sectors of the economy, to return life to the real economy. It is legitimate to make a profit, but it must be done with work, technological investment, intelligence, the construction of factories, and real production and jobs. It can not be done with financial speculation. We already have the state lotteries which are miseducating people, and now we see the creation of new private world lotteries beyond any control.

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## Interview: Oskar Peterlini

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*Sen. Oskar Peterlini is from Bolzano, in a region of Italy where most of the inhabitants speak both German and Italian. He is a leader of the South Tyrolean People's Party, on whose slate he was elected to the Senate. He sits on the Labor Commission, and has also worked as a leader of a regional pension fund for many years. Peterlini has introduced a number of motions into the Senate calling for a New Bretton Woods, and has used material from EIR to present other initiatives and parliamentary questions on various strategic and economic issues.*



*This interview was conducted by Paolo Raimondi in Rome in late May, and translated from Italian.*

**EIR:** You have seen that the Chamber of Deputies has approved the motion for a New Bretton Woods. In recent months, you introduced a similar initiative on the floor of the Senate. What can we do to give more impetus to the discussion and get the government more committed to act?

**Peterlini:** I think the main objective in the Parliament [both Chambers] was achieved: that of making the entire political

world aware of the necessity of a new financial architecture at the global level. If the motion is actually voted on or not is very much linked to internal Parliamentary rules. In the Chamber of Deputies, these rules are easier to work with, while it tends to be more difficult in the Senate. We have collected signatures in support of the motion in both the Chamber and the Senate, from individuals in parties from all across the political spectrum. We also have to decide how to continue; particularly in terms of bringing public opinion and society into the discussion.

I would like to reference a sentence pronounced by [Prime Minister] Silvio Berlusconi in the Senate recently, which really astonished me. When he was demanding a vote of confidence for the law on economic competitiveness, he said there is a difficult international situation, and noted that one of the main problems of the Italian economy is related to exports, which have declined by 30% because of the devaluation of the dollar. At this point, he spread his arms and said he is an entrepreneur, and that he has no idea what to do about it.

This is honest, but at the same time, it's a scandalous acknowledgement. To say that he does not know what to do in a closely interconnected political, diplomatic, and trade situation, is—at the least—a very poor answer. What has to be done is clear and urgent, because with the collapse of the dollar, Europe, and Italy and Germany in particular, are now paying for the U.S. deficit with the losses and difficulties of our industries and the *Mittelstand* [small- and medium-sized industry] in world trade.

At the diplomatic level, the first step is to put pressure on the U.S. Administration and say that this is unacceptable. At the same time we should not continue to go arm-in-arm with Bush and talk about exporting democracy or working on “peacekeeping missions” which are really the continuation of the war, such as in Afghanistan and Iraq. Bush has to be told: We cannot pay your debts, but together we must look for a real solution to the systemic crisis.

The economic answer that we must develop together is what *EIR* and the LaRouche movement have been promoting for a long time. After all these economic crises which have hit national economies as well as small investors and families, let us convoke—as soon as possible—a global conference similar to what was done at Bretton Woods: to re-establish a financial order and a new agreement on currencies, whose values should be fixed or adjustable within a certain specific margin. It is unacceptable that the exchange rate of one currency sets the entire world economy upside down. This sort of currency arrangement has already been done on a smaller level in Europe in recent years, and it would be appropriate to also do it at the global level. It's an important aim that our governments should pursue.

**EIR:** In the recent period, we have entered a “red alert” on the financial markets: We already know about the gigantic speculative bubbles, the role of derivatives that, according to official figures, are growing by 25% each year. Now, regard-

ing the collapse of GM and Ford, we see that together they have \$451 billion in debt, which is now rated at the level of “junk.” Large-scale turbulence is shaking up the hedge funds that have large speculative operations based on GM bonds. The situation is much worse than the famous LTCM case. This is another manifestation of the systemic crisis. You have studied the danger of these speculative bubbles: How do you see the gravity of this situation?

**Peterlini:** You have already described the gravity of the situation. I see a repetition of these problems on the markets, in particular in sectors where people believe they can make huge profits, and thus runs are taking place in those sectors. At the end of the 1990s, with the success of the Internet, everybody thought that they could make huge profits on these shares, and a run began, driving up share prices. Everybody got involved in this run, even housewives and students with a PC at home. This game goes on until someone realizes that this value is virtual rather than real.

This happened with stocks, and it is now happening on real estate markets, where there is increasing demand and speculation. And, just as in Japan or London in the past, this has produced an overheating of these surreal values, to the point that they explode. This period of so-called self-regulation then provokes a drastic collapse in the economy and also in family budgets. Now, this is also happening with hedge funds. They exploited the 1990-93 phase when institutional investors (pension funds, investment funds) began to work on stock markets for a number of reasons, as reflected on the American Stock Exchange, for example, or the S&P 500, and so on.

Investments were thus dependant on these groups of shares, whose values increased and then collapsed. During the collapse phase, those who had invested only in this type of shares lost everything, while the hedge funds had bet on the directionality of the market, and thus they still profited.

Derivatives operations, like futures, are not scandalous in themselves. They were used in agriculture to guarantee a certain price to the producer, for example. What is not normal is multiplying the bets on the derivatives, or making this into a sector that functions on its own. The result is that if you take a lot of risk in order to make a huge profit, you also get gigantic financial losses if things go in an unanticipated direction.

We need an authority which regulates these processes, possibly with the joint intervention of monetary authorities from different nations. If the markets are left free to act as they want, the result is the creation of these bubbles.

**EIR:** Lyndon LaRouche is relaunching the idea of a tax on all derivatives transactions of hedge funds and banks, to bring the dimensions of the bubble out into the open; this transparency is needed so that the necessary measures can be taken. It's not the “Tobin tax” proposed by some, which is conceived as a way of collecting funds for some project.

**Peterlini:** This is certainly a more intelligent proposal than what is being debated here regarding increasing capital gains

taxes at a national level, without any differentiation between what is pure speculation, and what is serious investment in the shares or bonds of a productive firm or the state. In this way one also affects small investors and families, with no positive effects on the economy. To the contrary, I support the idea of an intervention by monetary authorities for a higher tax which punishes speculative financial operations.

LaRouche's proposal is a strong idea, and it can definitely be implemented. I also think that there must be a clear differentiation between shares and bonds on the one hand, and speculation on the other. And there should be a better understanding of the different types of derivatives operations. . . .

**EIR:** The Bush Administration is pushing for a total privatization of the pension system. Until now, the U.S. had the system created by Franklin Roosevelt in which a state fund received the payments from the workers and paid pensions to retirees based on a sense of the common good and general welfare and social justice. Bush has launched a campaign of lies saying that this fund is collapsing, and that younger workers should stop financing it, and instead open new private contracts with Wall Street financial institutions, which are currently in big trouble and have big financial holes. But in this way, Wall Street will receive fresh new money with which to continue its speculative operations.

**Peterlini:** We in Europe can learn many things from the United States, such as a certain form of mobility, decision-making capabilities, speed in the carrying out of ideas and entrepreneurial initiatives, because we have too much bureaucratic inertia here, too many brakes. This is the positive side.

However, we do not have to learn anything at all from U.S. social policy. Here, the "old" and often-slandered Europe is still a good example. We have a great culture based on Christianity and humanism, where there is room not only for the market, but above all for human beings. Fortunately, the "soup lines" I saw in many places in America, where people are waiting in line with a plastic plate to get something to eat, do not exist here in Europe, or are very limited. In America you can die in front of the hospital if you don't have money for health insurance; here, nobody dies like that. Even the poorest person, without any identification, money, or insurance can get to a hospital and be treated.

This is a basic difference that I will never forget. It is a great value which our Europe has. We are also confronted with a crisis of the pension system, because the state fund is financed by those who are working, creating a fund that then supports the pensions, the health system, unemployment, and so on. This was a very solid pyramid in the past: Many young people were working, paying contributions and supporting the elderly. This pyramid is not so solid any longer, because we have fewer and fewer children, and life expectancy has increased significantly. The fertility rate in Italy is 1.2 children per woman, while life expectancy has increased to an average of 80 years. In the past 300 years, life expectancy has increased from 40 to 80 years. In the future, we will have an

upside-down pyramid with few youth and many elderly, a share of about 30% of the population over 60 years of age, and also children and students who have to be supported.

This means that this traditional system alone will not suffice. We will need to introduce a second pillar in Italy and in Europe, based not on speculation but on savings, in which a person can choose to add to the state system by also having a private pension. Bush wants to say he *only* wants the second pillar, and this would be a catastrophe. The first pillar will have to guarantee a basic pension to allow for a decent life without dying in front of the hospital or standing in line for soup. This basic pension has to be guaranteed by the society, the state. And then, in addition to this, we can create a complementary pension system. To abolish the first pillar would be irresponsible, and I hope that Europe will never accept it, and will fight against what Bush is trying to do to the American citizens.

This reasoning then leads me to say that behind all of this, we need a productive economy, and therefore we must think about relaunching the real economy at the global level. And again we must get back to the proposal for a new Bretton Woods, because the "pyramids of paper" can grow, but they collapse the first time the wind blows. In the end, even when we're dealing with paper values, only the real economy counts. Financial games do not produce jobs, goods, and factories. We need a new financial architecture to prevent these "paper games."

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## ON THE NOËTIC PRINCIPLE

# Vernadsky and Dirichlet's Principle

by Lyndon H. LaRouche, Jr.

May 18, 2005

The following is prompted by an examination of an implicitly accredited English translation of V.I. Vernadsky's 1935 *On Some Fundamental Problems of Biogeochemistry*, secured through the Columbia University files contributed by V.I. Vernadsky's son, Professor George Vernadsky, New Haven, Conn., U.S.A.

It is an often demonstrated fact of recent generations of European history, that certain victims of their classroom studies of Classical Greek, would have never understood any crucial concept of Plato's work, including the significance of the English term *Noëtic* as adopted from Academician V.I. Vernadsky's definition of the *Noösphere*.<sup>1</sup> The common source of the errors of all varieties of such failed former students of classroom Greek, and of many more others, still today, has been their disposition to look up definitions in dictionaries or by quoting so-called authorities, *rather than actually experiencing the relevant conception by replicating the original author's presentation of the process of generating the relevant discovery, as Vernadsky himself illustrated this method for acquiring knowledge of fundamental physical principles in the 1935 writing to which I refer here.*

Such has been my experience of most of the putatively learned and other failed modern commentators on the argument presented by Vernadsky, or also by others on related

subject matters.

Indeed, most of the crucial conceptions of valid science in globally extended European civilization today, are to be traced from their implied origin in the pre-Aristotelean Classical Greek, as from Thales and the Pythagoreans through the works of Plato. The conceptions of *Biosphere* and *Noösphere* developed by Academician Vernadsky, are a case in point. These conceptions, which Vernadsky associated with the Classical Greek tradition, could not be adequately understood except in those historical terms of reference to Plato's actually intended, non-reductionist usage of the Classical Greek for stating principles of discovery illustrated in the 1935 paper considered here.

What Plato actually refers to by such relevant terms, is to be known, not by reading a glossary, but by experiencing the actual act of discovery which solves the puzzle which Plato's argument presents in locations such as his pro-Heracleitus, *Parmenides* dialogue; only if the reader of that dialogue were a pedant, or a pompous fool such as G.W.F. Hegel, ignorant of the ABCs of the creative experience, would he have ever contested the authenticity of Plato's authorship of that dialogue.

The same point is illustrated by the appalling thick-headedness of Lagrange's attempted public refutation of that attack on his folly which had been delivered in Carl F. Gauss's 1799 dissertation. The point is also illustrated by the standard act of classroom stupidity imitated by those literally millions of victims, who, in the course of times past, have swallowed arch-reductionist Augustin Cauchy's epistemologically childish "limit theorem."

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1. For example, the contrary meanings associated with Plato and Aristotle, respectively.





*Writes LaRouche: "The characteristics of the Biosphere, as Vernadsky . . . defined it, and Noösphere, as I define physical economies as wholes, are analogous. Everything to which I have referred, on this account, in excerpting Vernadsky's 1935 paper, has a parallel in my methods of a science of physical economy."*  
 Left: R&D at Lockheed Martin Corp. for the International Thermonuclear Experimental Reactor—the energy source of the future. Right: Vladimir I. Vernadsky (1863-1945).

Over the decades since the fact of the existence of V.I. Vernadsky's work first became known to me, near the close of the 1940s, I, looking as if out of the corner of my eye, had come slowly to recognize that his most celebrated contributions had a certain potential relevance to my own independent discoveries in the field of a science of physical economy. That gradual recognition began more than fifty years ago, in the course of the continuing initial development of my own principled contributions. So, over decades, as more of his work came, as if piece by piece, gradually to my attention, I had come to recognize that he had already offered an overview which was compatible, in principle, with certain discoveries which I had experienced during the initial phases of development of my own Leibnizian notion of physical economy as such.<sup>2</sup>

2. For those not yet familiar with these facts, an actually scientific conception of economic processes was originally discovered, and developed, as a science of physical economy, as a branch of physical science, a science needed to replace and supersede the then pre-existing modern doctrines of what was known as cameralism. On the record, this development was done exclusively by Gottfried Leibniz during the interval 1671-1716. It was the influence of Leibniz's discoveries which informed the crucial features of the development of that American System of political-economy which latter has been the chief rival and adversary of the British system, world wide, ever since. My own original discoveries, as a follower of Leibniz in this field, were developed by

As Vernadsky defines the guidelines for a biogeochemical investigation of the boundaries separating the biosphere categorically from the abiotic domain, I had, as I explain below, developed my own, somewhat parallel approach to this view, that in work in which I, working from my standpoint as an admirer of Leibniz, subsumed the principled distinctions separating the principle of human scientific creativity from both animal and abiotic modes of behavior. However, until some work which my association did during the mid-1970s, I made no significant effort to incorporate the Vernadsky legacy directly into our work on the principles of physical economy.

me, during 1948 and later, in continuing reaction against the radical reductionist follies of Norbert Wiener's argument for "information theory," in his 1948 *Cybernetics*. Over that interval of these original discoveries in the field of physical economy, 1948-1953, my adversarial targets had included the relevant work, on the founding of what became known as the "ivory tower" school of mathematical economics, of Bertrand Russell follower Wiener's co-thinker John von Neumann, as illustrated by von Neumann's and Oskar Morgenstern's *Theory of Games and Economic Behavior*. Von Neumann's posthumously published Yale lectures on the subject of *The Computer and the Brain*, are of crucial implicit significance in reading von Neumann's lunatic, long-winded argument respecting economy. On the record, my methods have been, contrary to the British school and its positivist fanatics, the most successful approach to long-range economic forecasting of the recent forty-odd years.



Lyndon LaRouche (left) lectures on April 28, 1994 at Pobisk Kuznetsov's "President" program, held at the Russian Academy of Sciences in Moscow. On the right, Dr. Kuznetsov in the audience. Writes LaRouche of Kuznetsov, who died in 2001: "I, like many who knew him and his work, miss him very much today."

Even those efforts of the 1970s touched Vernadsky's work in a passing, peripheral, if useful way.

It was only from 1994 on, through benefits of my associations with two now-departed Russian friends, the most remarkable Professor Taras Muranivsky and the scientist Pobisk Kuznetsov, among others, that I grew more confident of the existence of special, crucially important affinities between Academician Vernadsky's and my own lines of work in redefining a science of physical economy. The agreement, and some points of disagreement, in my own and Pobisk's views, were presented to a relevant Moscow scientific audience during that period.<sup>3</sup> In materials bearing on Vernadsky's work which were subsequently made available to me through some of my associates, I was convinced that I had sufficient evidence to draw out those connections between my own work and Vernadsky's which were featured in my 2001 *The Eco-*

*nomics of the Noösphere*.<sup>4</sup> The evidence then in hand was sufficient to have shown me that the problem implicitly resolved by his argument, as known to me then, was largely congruent with my own original discoveries in the field of a science of physical economy.

However, even then, during the late 1990s and beyond, while I was certain of the validity of Vernadsky's statement describing the central features of his stated notion of the Noösphere, I had yet to discover evidence satisfying me in respect to some important details of his approach to his original discovery of that conception.<sup>5</sup>

Recently, during the recent fortnight, a collaborator of

3. The debated issue on that occasion was on the definition of "energy." My host, Pobisk, began his lecture by defending the standard reductionist doctrine on that subject, and challenged me to define my principle of anti-entropy accordingly. In my turn, I opposed that definition of "energy" on that occasion, as many other occasions, before and after. The misguided suspicion in certain Soviet scientific insider circles studying my own original proposal for a strategic defense initiative had been that I had somehow acquired knowledge of super-secret Soviet work of the 1970s and 1980s, in which Pobisk had been involved, bearing on the scientific feasibility of such an initiative. I had no such knowledge of Soviet secret work, beyond my conviction that certain known lines in Soviet scientific work pointed to their ability to recognize the feasibility of developments along the lines I was proposing. Otherwise, Pobisk and I got along nicely. I, like many who knew him and his work, miss him very much today.

4. (Washington, D.C.: EIR News Service, 2001) See the work which I referenced in writing that book: *V.I. Vernadsky: Scientific Thought As A Planetary Phenomenon*, B.A. Starostin, trans. (Moscow: Nongovernmental Ecological V.I. Vernadsky Foundation, 1997). In writing what was published as my 2001 book, I had gone no further than this Starostin translation.

5. One crucial, contributing problem in present-day readings of the work of Vernadsky is to be seen as a carry-over of the earlier influence of the implicitly dionysian "ecology cult" of the Cambridge Systems Analysis group on Soviet ideology during the 1970s and 1980s, an influence wielded through the Laxenberg, Austria International Institute for Applied Systems Analysis (IIASA) by such as the U.S.A.'s McGeorge Bundy, and Britain's Club of Rome figures Dr. Alexander King and Solly Zuckermann. Despite some deferences to the Soviet reductionist school in his references to the history of science in the Starostin translation, Vernadsky's strength lies in his actual work in the fields of his original discoveries in physical science; when he departs from that field, his views on the history of social thought, as on the subject of Plato, as expressed in the Starostin translation, are not always defensible scientifically. This was a cause of my cautious approach, until now, to certain material found in the 1997 text.



*Lyndon LaRouche with Dr. Taras Muranivsky (1935-2000) in 1996. It was only from 1994 on, LaRouche writes, through benefit of his association with "the most remarkable Professor Taras Muranivsky and the scientist Pobisk Kuznetsov, among others, that I grew more confident of the existence of special, crucially important affinities between Academician Vernadsky's and my own lines of work in redefining a science of physical economy."*

mine forwarded copies of some translations of Academician Vernadsky's work, work made available through a collection supplied to Columbia University by Vernadsky's son, Professor George Vernadsky. One of these, a 1935 work, "On Some Fundamental Problems of Biogeochemistry," includes a crucial margin of additional validation of my own conclusions respecting the method which underlies Academician Vernadsky's later argument on the distinction of the Noösphere from the Biosphere. I brought a copy of that 1935 paper along with me as a subject of work to be done during my international travels, and have spent happy hours, while shrugging off jet-lag, in doing my literary duty on this account.

Although the subject of this 1935 paper is the distinction of the chemistry of living processes from those of non-living, rather than the subject of the Noösphere itself, the present relevance of this paper for me, is that, in that location, Vernadsky's exhibits emphatically, and repeatedly, the same principle of investigation which underlies what became his later, categorical distinction of the Noösphere from the Biosphere. For both cases, the Biosphere and Noösphere, the common distinction of his method is that otherwise best identified as Bernhard Riemann's emphasis on what he describes as *Dirichlet's Principle*.

I have already emphasized this connection to Riemann in my 2001 *The Economics of the Noösphere*, that Vernadsky himself identified his view of the Noösphere as systemically Riemannian. Back in 2001, I could confirm this in broad terms, as I did then; but I left room for relevant fine points on this account yet to be discovered. A reading of the recently acquired access to Vernadsky's indicated 1935 paper on biogeochemistry, filled in some important blanks left in the material I had considered for my 2001 report.

My acquisition and study of the 1935 paper not only leads me to additional observations on the deep quality of

Vernadsky's work on the subjects of both the Biosphere and Noösphere. As that work of his bears on the application of the prospects on development of mineral resources, in my recently published work on *Earth's Next Fifty Years*, everything bearing upon a deeper insight into the implications of Vernadsky's referenced discoveries, is of strategic importance for all humanity today.<sup>6</sup>

### **Nine Excerpts Considered As One**

Immediately below, I have identified nine excerpts from the referenced 1935 Vernadsky paper, which I present now, in sequence, without interrupting that presentation with my own argument, the latter which I have consigned to the elaboration developed following that presentation of the cited excerpts. My intent in this procedure, is to afford readers a general flavor of the point I am emphasizing from within Vernadsky's work, while also pointing the relevant specialists to something which is implicitly of deeper relevance than his work on biogeochemistry as such.

I add, as a preface to presenting those excerpts here, that the nature of the content of the 1935 work, when considered in light of his own later writings known to me on the Noösphere, is such that no significant margin is left for assuming any relevant defects in the English translation which I have consulted in what I have to say here. We are dealing with scientific ideas expressed in ways which rise above the ambiguities of differences in the mother-languages of the medium employed. The validity of the ideas of principle stated is imparted by reliance on the experimental standpoint which the responsible mind must always bring to describing the observed tests of crucial-experimental demonstrations themselves.

However, I caution my readers, in the setting in which I

6. LaRouche PAC, 2005.

locate Vernadsky's work here, it is my right and obligation to situate my view of his work within the bounds of my own established competence in relevant features of the branch of science known as physical economy. I believe, that by the close of this present report, I will have made clear the relevant lines of division of labor between my own views and his.

First, take the two following, interdependent paragraphs from Section II of his report on the perspectives of the work being conducted at his Laboratory:<sup>7</sup>

"A great part of our work is connected with a study not of the atoms themselves but of chemical elements, of isotopic mixtures. In purely chemical processes all of the isotopes of the same element are manifested in a similar way. Hence, while we remain within the field of purely chemical processes, the chemical element may be identified with the atom, as it is the case in the periodical system of elements. On this the whole chemistry is based.

"Proceeding from this general statement, it has been possible to show by the work of our laboratory that the *atomic composition of organisms, plants and animals is as characteristic a feature as their morphological form or physiological structure* as their appearance and internal structures. . . . An organism does not show a passive attitude towards the chemical medium; it actively creates atomic composition, it tends to choose, consciously or unconsciously, the chemical elements necessary for life, but as life presents a field of dynamic equilibria, it reflects—both in its composition and in its form—the different physico-chemical properties of the medium. These variations, however, do not change their average, little varying expression."

And, then, in the immediately following paragraph:

"A species established by biologists may be characterized in weight or atomic composition as precisely, as by its morphological features, also within a definite range of variations it may characterize a homogeneous living substance—the totality of organisms of the same species, race, jordanons,—as it is characterized by morphological features. In the average numbers, the amounts of atoms, of chemical elements, composing a living organism, are as constant and as characteristic for it as its form, size, weight, etc. It is possible that in the numerical relations of living beings thus expressed, the same harmonious combinations will be found, which are so distinctly manifest in the vividness of the living nature. They should be probably manifested in harmonious relations of numbers in these natural bodies—in living organisms, as numerical relations are harmoniously manifested in the natural bodies of inert nature—in crystals and minerals. The elucidation of this problem is a task of the nearest future."

Next, take the entirety of the concluding paragraph of the paper's Section II for general background and flavor:

"We have first embraced by the precise methods 18 chem-

ical elements; now, we are able to make a quantitatively precise study of over 60, and we must comprise all of the 92, if not more,<sup>8</sup> for it becomes clearer and clearer that it is in the biosphere that living matter embraces and controls all or nearly all of the chemical elements. All of them *are necessary for life* and not one of them comes to the organism by chance. *There are no special elements peculiar to life.* There are *pre-dominant* elements. When taken as a whole life comprises the total system of Earth elements, probably leaving aside a few of them, as, e.g., *thorium*, but probably comprising all of them in the different isotopes. Life is a planetary phenomenon and predominantly determines the chemistry, and the migration of chemical elements of the upper shell of the Earth—the *biosphere*; it determines the migration of all the chemical elements. A quantitative investigation of such a migration is the fundamental task of the Laboratory."<sup>9</sup>

Next, consider a series of paragraphs which I have excerpted, for emphasis, from Section III of his report, and, after that, a pair of the opening paragraphs from Section IV.

"1. For life the field of life—the *biosphere*—is not a structureless casual Earth's surface—the face of the planet upon which life originated, according to E. Seuss, or the cosmic medium of life according to Cl. Bernard. The biosphere is not only the face of the Earth and not a cosmic medium. The Earth's shell has a strictly definite composition and structure, determining and controlling all the phenomena that take place within it, the phenomena of life included; it is morphologically distinct but closely related to the general structure of the planet.

"A number of the most characteristic and important geological phenomena establish such a character of the biosphere with certainty. Its chemical composition, as well as all the other features of its structure, is not casual and is most intimately related to the structure and time of the planet and determines the form of life observed."

And, next:

"The biosphere is not an amorphous nature, a structureless part of the space-time, in which biological phenomena are studied and established independently of it; it has a definite structure changing in time according to definite laws. This is to be taken into consideration in all the scientific deductions, in the logic of natural science in the first place; and this is not done. The 'nature' of the naturalist is only the biosphere. It is something very definite and delimited."

And next:

"If this structure is called a mechanism, it would be a special, very peculiar mechanism, a continuously changing mechanism—a dynamic equilibrium—never reaching a state strictly identical in the past and in the future. At every moment of the past and of the future time the equilibrium is different but closely resembling. It contains so many components, so

7. The Laboratory of Biogeochemistry of the Academy of Sciences of the U.S.S.R. The italicized passages in the quoted excerpts of his paper are copied from the original of the English translation.

8. Remember, that this was written in 1935, before the work done on transuranic regions of the Periodic Table.

9. Vernadsky, op. cit.

many parameters, so many independent variables, that no strict and precise return of some state in its previous form is possible. An idea of it may be given by comparing it to the dynamic equilibrium of the living organism itself. In this sense it is more convenient to speak of the *organized state*, rather than of the *mechanism* of the biosphere.”

And, from the first, second, and third paragraphs of III.2:

“Life is continuously and immutably connected with the biosphere. It is inseparable from the latter materially and energetically. The living organisms are connected with the biosphere through their nutrition, breathing, reproduction, metabolism. This connection may be precisely and fully expressed quantitatively by the migration of atoms from the biosphere to the living organism and back again—the *biogenic migration of atoms*. The more energetic the biogenic migration of the atoms, the more intense is life. It is nearly dying out or hardly flickering in the latest phases of life, the importance of which in the organized state has not yet been evaluated, but should not be overlooked.

“The biogenic migration of atoms compromises the whole of the biosphere and is the fundamental natural phenomenon characteristic of it.

“In the aspect of historical time—within a decamyriad, a hundred thousand years,—there is no natural phenomenon in the biosphere more geologically powerful than life.”

And, under III.3, the following most relevant pair of paragraphs appears:

“The chief geological importance of these masses of substance embraced by life, that seem small when compared to the mass of the biosphere, is connected with their exclusively great energetic activity.

“This property of the living substance, having nothing equal to it in the substance of the planet, not only at the given moment, but also in the aspect of geological time, completely distinguishes it from any other earthly substance and makes the distinction between the living and inert substance of the planet quite sharp, the more so that all the living is derived from the living. The connection between the living and the inert substance of the biosphere is indissoluble and material within the geological time—of the order of a milliard of years, and is maintained exclusively by the biogenic migration of atoms. Abiogenesis is not known in any form of its manifestation. Practically, the naturalist cannot overlook in his work this empirically precise deduction from a scientific observation of nature, even if he does not agree with it due to his religious or philosophically religious premises.”

And, then, finally, the four paragraphs opening section IV:

“The whole work of the Laboratory is based on such a structure of the biosphere, on the existence of an impassable sharp, materially energetical boundary between the living and the inert substance.

“It is necessary to dwell on this point, since it appears to me that in this question there is a vagueness of thought, which impedes scientific work.

“We do not proceed here beyond exact empiric observa-

tion, the deductions from which are obligatory for the scientist and as a matter of fact for everyone; it is on this observation that he not only *can* but *must* base his work. These deductions may possibly be explained differently, but in the form of *empiric generalization* they are to be taken into consideration in science, for an empiric generalization is neither a scientific theory, nor a scientific hypothesis, nor else a working hypothesis. This generalized expression of scientifically established facts is logically as obligatory as the scientific facts themselves—if it has been logically correctly formulated.

“The sharp material energetic distinction of the living organisms in the biosphere—of the living substance of the biosphere—from any other substance of the biosphere penetrates the whole field of phenomena studied in biogeochemistry.”

From that point on, Vernadsky leads the discussion into the region of a Pasteur-Curie conception, a subject of continuing importance for treating the outcome of Vernadsky’s lifetime work as a whole, but which should be left for discussion at some other occasion, since we must tend to bound the present discussion here within the limits of the scope of that special topic of method which I have posed to be the subject immediately at hand here.

## The Significance of Those Examples

The set of excerpted passages which I have just presented, should remind us of deliberations which should have been familiar from among the most notable features of the greatest known moments of ancient through modern science, especially those highlights of the modern science set into motion by the Fifteenth-Century genius, Cardinal Nicholas of Cusa, and such of his explicitly avowed and faithful followers as Luca Pacioli, Leonardo da Vinci, and Johannes Kepler. We must continue attention to the principle expressed by those authors, to include such followers of Kepler as Fermat and Leibniz, and such followers of Leibniz as Carl Gauss, Lejeune Dirichlet, and Bernhard Riemann. The point which I am stressing in this report, is that the methodological approach expressed by the quoted passages from Vernadsky above, should remind us of Gauss’s wrestling with a crucial topic of Earth magnetism, also of the related topic, which we encounter under Vernadsky’s four paragraphs of his Section IV above, the topic of the development of what Riemann emphasized as Dirichlet’s Principle, and also Riemann’s own work based extensively on the immediate foundations developed by his own principal teachers Gauss and Dirichlet.

When this cited 1935 material on the Biosphere is taken inclusively into account, there is no reason to doubt that Vernadsky’s work is, as he claims in later writings on the Noösphere, authentically Riemannian.<sup>10</sup>

As I have emphasized at the beginning of this report, knowledge of a discovery of principle is obtained only by experiencing the process of its discovery, not by learning

10. LaRouche, op. cit.

recipes, nor by the deductive methods of the reductionists. *What is most significant in my pointing to the referenced excerpts from Vernadsky's 1935 report on methods of biogeochemistry, is the way in which he structures the process of discovery of that principle which separates the biosphere categorically from a part of the universe which is determined only by the principles of non-living processes.*

The same method for defining such a discovery which he describes in the indicated 1935 report, is that which I developed, in emphatic opposition to Wiener and von Neumann, for defining the underlying, anti-entropic principle of a science of physical economy. On my recent first reading of the 1935 paper at hand, I recognized immediately, that the method he sets forth in that paper for defining the domain of biogeochemistry, provides us evidence of the method he had employed for his subsequent discovery of his concept of the Noösphere, thus filling in some important evidence which I had not found explicitly provided in satisfactory degree in what I had known of translations of his writings on the Noösphere.<sup>11</sup>

I emphasize what I have already stated, that the principle of method expressed by Vernadsky in those cited passages corresponds to what Riemann emphasized as Dirichlet's Principle, a Principle whose footprint jumps up at me in the series of passages from Vernadsky's 1935 document which I have excerpted above. The use of the same method from the 1935 paper, when applied to the subject of the specific distinctions of human behavior from anything met in other living processes, defines the *noëtic* principle of human cognition as distinct from anything otherwise found in the domain of the biosphere.

I emphasize to the present reader, that I am writing this at a time when some of my associates among the LaRouche Youth Movement (LYM) have relived the process of discovery of Riemannian physical geometry to the degree that they have had notable successes in treating some of the essential content of Bernard Riemann's 1857 Theory of Abelian Functions. That is the work by Riemann in which his employ of what he terms Dirichlet's Principle plays a pervasive role. The report I am delivering here, is intended, inclusively, to provoke those readers into developing some useful supplementary insights into the implications of the role of the Dirichlet Principle in Riemann's advanced work. Obviously, once that special part of my intended audience is taken into account, what I present here is relevant for a still broader audience.

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## 1. The Matter of Sphaerics

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The method of investigation which Vernadsky expresses in the cited 1935 paper is in the same "archeological" tradition

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11. As I have stressed in an earlier location, to appreciate the work of Vernadsky, one must take into account the aversive circumstances of the hostility his achievements bestirred among the official Marxist-Leninist ideologues of those times and places. The concepts which I reference, as crucial, in this present report, would be deeply resented by any reductionist ideologues,

as that which the ancient Thales and the Pythagoreans adopted as the Egyptian school of astrophysical science known to the Greeks as "Sphaerics."

For example, the term "archeology" is perhaps the best choice of irony for pointing to the need to consider the fact of a turbulent transition which occurred after perhaps something less than 10,000 years of initial melting of the hundreds of thousands of years of glaciation of much of the northern continental hemisphere, during an interval prior to the climactic melting which flooded a great fresh-water lake, now known as the Black Sea, with the salt water flooded in from the Atlantic by way of the Mediterranean.<sup>12</sup> *I now emphasize a special kind of archeology, not usually treated as such, in which a lack of material available on site must be overcome by focusing on what early periods of human existence and development, which, perhaps, occurred in other places, must have deposited as ideas, as if these were footprints, on the physical archeological site whose evidence we are considering.*

After all, the human species, as distinguished from apes and other animals by the human individual's cognitive powers, has lived on this planet for as long as perhaps a million years, or, perhaps, even much more. The transmission of the cognitive kinds of ideas which are unique to, and everywhere characteristic of the behavior of the human species, must have been transmitted, in significant part, into historical times and places from very ancient dates, and from different places, certainly long, long before 17,000 B.C., including the hundreds of thousands of preceding years of generations, during a time much of the northern hemisphere was under great slabs of glacial ice.

Despite the kinds of great "natural" catastrophes, and also man-made relative dark ages which mankind has endured on this planet, there is a wonderfully stubborn resilience of our species, such that something essential springs up from the ashes of catastrophe, sometimes transmitted from earlier places where human habitation may have been subsequently erased.

Thus, ideas such as those expressed by the Egypt of the time of the building of the Great Pyramids, must have been largely developed in other places, from a time when the levels of the oceans were about four hundred feet lower than today, a time even tens of thousands of years prior to the first settlements near the mouth of the Nile of that time, and prior to the changes in climate and geography of our planet brought about by the melting of the earlier great glaciation.

We are looking therefore, from sites such as ancient Egypt, into much earlier, glacial times during which the most advanced cultures of the world were transoceanic, and, as

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including the most zealous materialists of the F. "Opposable Thumb" Engels tradition in "science." It is only to be added, that the Marxist-Leninists were comparatively innocents on this account, when compared with the virtual criminality of our contemporary positivist and existentialist tribes.

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

some of Bal Gangadhar Tilak's relevant works point out,<sup>13</sup> the most advanced knowledge was dominated by the role of astronomy in such prominently included functions as astrogation. The very long astronomical cycles referenced by the work on ancient calendars of Tilak and others, and study of the methods employed by Thales, Aristarchus of Samos, Eratosthenes, and others, shows us how such knowledge of astronomy and astrogation was developed by methods implicitly available to any ancient civilization, even of the glacial ages, by cultures which were engaged by the challenge of transoceanic astrogation.<sup>14</sup>

Mankind's earlier attributable science, in the sense of modern physical science, framed man's concept of that which is universal, by looking upward toward the universe in the large. It is definite knowledge, that the birth of science in European civilization, such as the work of Thales and the Pythagoreans, was principally influenced from Egyptian sources falling under the category of *Sphaerics*, not the contrary, reductionist methods typical of Mesopotamia, for example. As the work of Vernadsky in the matters of the Biosphere and Noösphere should remind us, it is Egyptian *Sphaerics* which supplied European civilization with its original science, its original notion of science as subsumed by those purely physical-geometrical notions of universality which man recognizes in the astrophysical depths of an Egyptian astronomy which had turned, long before the time of the Pythagoreans, to the long waves of development of astrophysics which were continued into the work of the Eratosthenes whose discoveries made possible the map, crafted by Toscanelli, and used by Christopher Columbus to guide his first voyage of Transatlantic discovery.

The greatest, and most ancient of all archeological artefacts, are to be found in the domains of astrophysics and its application to such subjects as transoceanic navigation.<sup>15</sup>

If we can fairly estimate the local origins of Egyptian culture as dating from approximately 8,000 B.C., how might the culture reflected in the astrophysical characteristics of the Great Pyramids be traced to roots in the forms of human civilized existence existing under the conditions of glacia-

tion? Implicitly, that is the issue of scientific method which permeates Vernadsky's 1935 design for the further scientific work of his Laboratory in fundamental questions of biogeochemistry. Such were the methods of *Sphaerics* employed by the Pythagoreans and their follower Plato.

What is human about the Great Pyramids of Egypt, for example? Is it the stones? Or, is it not something modern man was often reluctant to discover, the ideas expressed in the way those stones were arranged, and in the methods by which those pyramids were constructed? It is tens of thousands of years of astronomy expressed by the physical principles which those stones express, as we see, similarly, the implications of the Equinoctial cycle expressed by the calendars embedded in Vedic hymns composed in Central Asia more than six thousand years ago.

The way in which the human mind, working in societies over intervals of many generations, generates valid ideas respecting the practicable knowledge of the organization of the processes of our planet, is as much an archeological artefact as any physical object or written ancient record. This is the case, even if the place where this idea was developed no longer exists to provide us a physical record of that culture's activity. Rather, because of the nature of man, as distinct from the beasts, those ideas are much more the characteristic physical, archeological expression, the truer artefact of humanity, than any mere physical artefacts in themselves.

A practicable applied science of the way in which the *noëtic* power specific to the human mind develops discoveries of principles and of their applications, should be adopted as the most important of all working archeological principles. This has reflections in Vernadsky's treatment of the geology of the Biosphere in the 1935 paper, and is the implied challenge for the development of an applied archeology (i.e., epistemology) of the cognitive domain of human existence.

On this account, the notable characteristic distinction of the work within the domain of *Sphaerics* by the Pythagoreans and Plato, is that it belongs within the category of astrophysics, rather than the mere astronomy of an Aristotelean such as the celebrated Roman Imperial hoaxster Claudius Ptolemy, or the more honorable later astronomers such as Copernicus and Tycho Brahe. This distinction of ancient astrophysics from ancient and modern astronomy as such, is best presented today from the vantage-point of Carl Gauss's crucial 1799 attack on the hoaxes perpetrated by empiricist fanatics such as D'Alembert, Euler, and Lagrange—fanatics imitated by Laplace and Cauchy later. As Gauss made explicit in his later writings on the subject of The Fundamental Theorem of Algebra, the relevant distinction between mere astronomy and astrophysics, as applied retrospectively to the case of the Pythagoreans, is expressed in modern mathematical-physics language as the Gauss-Riemann notion of a physics, rather than a mere mathematics, of the complex domain. This mathematical-physical, rather than merely formal-mathematical view of the complex domain, is indispensable for insight into the powerful implications of Vernadsky's discoveries.

13. *Orion, Arctic Home in the Vedas*.

14. There is a reflection, thus, from distantly ancient times in the work bearing on even "ice age" cultures by the Egyptian Platonic Academy representative of Cyrenaic origin, Eratosthenes. His measurement of the longitudinal circumference of the Earth, from within Egypt, and his measurement of the distance along the arc from Alexandria to Rome, are exemplary. Compare this with Tilak's *Orion* and *Arctic Home in the Vedas*.

15. A notable precedent is to be found, once again, in the way in which Toscanelli, a close collaborator of Cardinal Nicholas of Cusa, crafted the map of the world which was used by Christopher Columbus to rediscover North America. Despite Venetian lies respecting the distance from Italy to the coast of China, the principles expressed by the crafting of that map are to be traced to the work of the Platonic Academy's Eratosthenes, who measured the longitudinal circumference of the Earth from two points within ancient Egypt. Similar is the case emphasized by Tilak in his *Orion*, of the knowledge of the equinoctial astronomical cycle by a Vedic culture existing in central Asia during the interval 6,000-4,000 B.C.

The evidence which qualifies us to say that one ape-like creature is human, and another essentially represents some species of ape, is that characteristic of the human mind which is the well-spring of mankind's ability to effect willful increases of our species' potential relative population-density. The distinction is not, as we know, "tool-making," for which even chimpanzees created in the likeness claimed by F. Engels have shown aptitude. It is creative behavior of the type expressed by the discovery and proof of some universal physical principle. *It is such creative behavior which distinguishes mankind systemically, as the conception of the Biosphere reflected in the quotations introduced above distinguishes living from abiotic processes.*

Let us emphasize this point. This quality of behavior, unique to the human species, is not found in biology, just as Vernadsky emphasized, the principle of life is nowhere found within the ontological bounds of the abiotic domain.

Therefore, in the study of living species we do not define life as a phenomenon of the inorganic laboratory, but only as Vernadsky does, in terms of effects which could not be produced by an abiotic physics. *Life is produced only by life.* Cognition is generated, not as a characteristic of living processes, but as the characteristic impact of the respectively higher principle of cognition upon living processes.

Therefore, the method employed by Vernadsky is the method of systemic studies of fossils. We compare the fossils of abiotic activity with the contrasted fossils of living activity, and contrast the cognitive processes to the fossils of non-human living activity. *Only cognition can produce a cognitive response.* It is the artefacts of cognition which express humanity. It is the fossils of cognitive action which betray the evidence of the existence and character of the human species. Every categorical kind of distinction which Vernadsky cites, as in the sample of excerpts from his 1935 paper, has a parallel in distinguishing the content of the Noösphere from that of the Biosphere.

Thus, the difference between the human species and other living entities, lies in the difference in ordering of their accumulation of fossils. We can not see life in the physics of abiotic processes. We can not see cognition, the distinction of the human individual from the beast, in the living matter of the human individual. We see cognition in its artefacts, the artefacts of those creative powers of the individual human mind which can not be found within the bounds of biology. In the Biosphere, we see the power of life manifest in the ongoing ordering of fossils. In the Noösphere, we see, as the relevant class of "fossils," the effects of the noëtic powers of the mind of the individual member of the human species.

In the fossils of the Biosphere, we trace the shadow of the hand of life. In the fossils of the Noösphere, we trace the shadow of the hand of cognition, of the noëtic principle of the sovereignly individual mind.

Look at the physical principle of the complex domain, as made adequately clear by the combination of Riemann's 1854

habilitation dissertation and 1857 Theory of Abelian Functions, in that light.

## Geistesmasse and Dirichlet's Principle

The notion of the complex domain was a necessary development of mathematics, in order to free mathematics from formal mathematics' perversion, from its enslavement by a reductionist's system of an *a priori* set of so-called definitions, axioms, and postulates. It was Riemann's use of this work by Carl Gauss, to free science from the numbing of the human mind by allegedly "self-evident" definitions, axioms, and postulates, as Riemann did in his 1854 habilitation dissertation; it was Riemann's continuation of that development, strengthened by a legacy of the work of Abel and Dirichlet, which made possible the development of a form of physical science which were uncorrupted by aprioristic or other reductionist presumptions. For this later accomplishment, as by Riemann, the work of Leibniz and Gauss, and of Cusa, Leonardo, and Kepler before Fermat and Leibniz, were among the most crucial modern precedents.

The reductionist's foolish, blind faith in the alleged self-evidence of sense-perceptual experience, depends upon ignoring the elementary fact, that sense-experience is not reality *per se*, but, rather, merely the conscious reflection by the senses, of the impact of some aspects of physical reality upon them. Within the bounds of a mathematics based strictly upon sense-perception-oriented, reductionist views, such as those of a classroom Euclidean geometry, there is no place allowed for the experimentally demonstrated existence of an efficient form of universal physical principle. This problem of representation was solved, largely through the work of Gauss's laying the groundwork for the physical conception of a complex domain. However, the principle expressed by Gauss et al. in this way, was already implicit in the view of *Sphaerics* expressed by the work of the Pythagoreans, and by Plato after them.

Experimentally validatable sense perceptions are real, but are not reality as such. Reality is expressed, typically, by notions such as *life* and *cognition*, two really efficient classes of states of the physical universe, whose effects are efficiently expressed as the experience of our senses, *but which are not themselves the explicit subjects of sense-perception.* We know these so-called transcendent realities, such as life and cognition, only in a way which the notion of the Gauss-Riemann complex domain reflects. Dirichlet's Principle was recognized by Riemann as the necessary ontological glue which made the connection between the two aspects of the complex function truly comprehensible. We recognize these realities in the only way in which they could be recognized, by the successful practice of living beings in general, as known through the application of the creative mental powers unique to the human species.

When the chief work of Vernadsky is considered from this historical vantage-point in science, his successive defini-



tions of Biosphere (life) and Noösphere (cognition), the deepest experimental implications of Riemann's insight into Dirichlet's Principle, and the related implications of Riemann's emphasis upon *Geistesmasse*, are made clearer from an experimental standpoint.<sup>16</sup>

I shall explain this, but, that I might do so, first, permit me to resume my attention to what I shall show to be the historical matter of *Sphaerics*.

*Sphaerics*, as the Pythagoreans and Plato used it, signifies *universality*. Experience shows that we on Earth dwell within a deep universe whose most typical expression for the senses, is motions apparently ordered for our sense-perceptions as within a spherical experience of the universe we observe from the surface of our home planet. It is perceived as a spherical form of physical space-time of unknown, but vast depth.

Within this there are certain observed motions which, when normalized to take into account the motions of the Earth itself, are simply circular or spherical: the universe according to the doctrine of Aristotle, for example, the universe of mere astronomy.

Then, there are seemingly anomalous astronomical motions which do not fit such simplistic explanations; there are higher forms of regularity which express unseen, but efficient universal physical principles acting within and upon the apparently astronomical universe. These higher forms of regularity, in which universal physical principles are defined, is the domain of astrophysics. This defines the essential difference between Copernicus and Kepler, the essential superiority of the work of Kepler over that of Copernicus and Brahe, the difference between mere astronomy and astrophysics.

As the application of knowledge of thermonuclear fusion compels us to view Kepler's organization of the Solar System accordingly, all Earth-bound physical science becomes a subsumed feature of astrophysics. Astrophysics is, thus, the context in which all competent pursuit of physical science must be located, and from which the most crucial aspects of physical science, such as those traced from Thales, the Pythagoreans, et al. to ancient Egypt, must be traced.

The case of the Pythagorean Archytas' construction of the doubling of the cube solely by geometrical methods, is, thus, the prime example of the principle of astrophysics passed down from the Pythagoreans, through Plato's scientific method, to the present. The relevance of Archytas' solution for the constructive exact doubling of the cube, is the relevant provocation leading through Gauss's 1799 attack on the fanatical blunders of D'Alembert, Euler, and Lagrange, to the level of development of physical science associated with the life's work of Riemann. This astrophysical principle is the key to that aspect of the organization of Vernadsky's

16. Cf. *Bernhard Riemanns Gesammelte Mathematische Werke*, H. Weber, ed. (New York: Dover Publications reprint edition, 1953). See Riemann's posthumously published papers in that location. *Geistesmasse* can be roughly translated as "thought object."

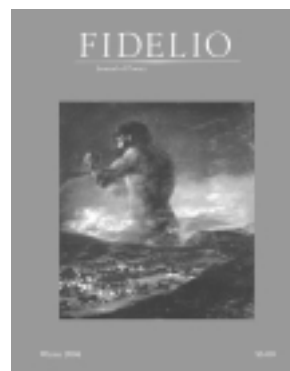
## The Dirichlet Principle

In his 1857 essay *Theory of Abelian Functions*, Bernhard Riemann brought to light the deeper epistemological significance of the complex domain, through a new and bold application of a principle of physical action which he called "Dirichlet's Principle." Riemann's approach, combined with what he enunciated in his habilitation dissertation of 1854, ushered in a revolution in scientific thinking.

Lejeune Dirichlet was a pivotal figure in early 19th-Century science, in the tradition of Carl Friedrich Gauss. Riemann studied with him beginning in 1847, and when Dirichlet died in 1859, Riemann was appointed to his chair at Göttingen University.

*Fidelio* magazine (Winter 2004) examines this work in "Bernhard Riemann's 'Dirichlet's Principle,'" by Bruce Director; and "Lejeune Dirichlet and the Mendelssohn Youth Movement," by David Shavin.

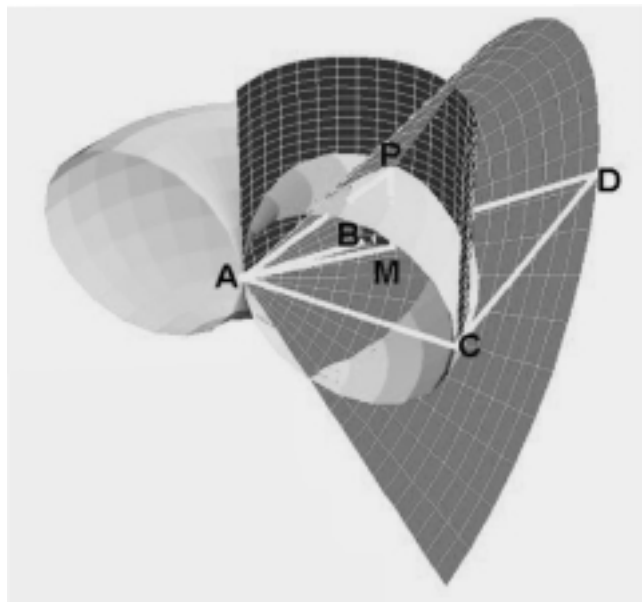
Subscriptions to the quarterly are \$20 and can be ordered from the Schiller Institute, at [www.schillerinstitute.org](http://www.schillerinstitute.org).



mind expressed in his approach to defining both the Biosphere and Noösphere. The outline of the adopted tasks set forth in the referenced 1935 paper, is typical of this method.

In the experience represented by the Gaussian complex domain, we combine the notion of the sensed object with the notion of the effect on its motion generated by the unsensed, but efficiently manifested principle. One component is, on principle, a view of the relevant phenomenon within the domain of a spherical universal space-time of sense-experience. The other component is the unseen, but actual universal physical principles acting upon the object of perception. The modern typification of this relationship is the argument underlying Cusa follower Kepler's uniquely original discovery of a principle of universal gravitation, a discovery which marks the modern transformation of mere astronomy into a subject of astrophysics. After that, no longer can motion within the observed universe be attributed to the repeatable regularity of motion, as by the modern defenders of the hoaxster Claudius Ptolemy, but must be traced to the power exerted by an unseen, but efficient and knowable universal physical principle.

## Archytas' Construction for Doubling of the Cube



Archytas' solution to the Delian paradox typifies the work of pre-Euclidean, physical, constructive geometry. Here, members of the LaRouche Youth Movement have built a pedagogical device to demonstrate his solution, which creates a cone, a torus, and a cylinder in order to find the geometric means between two magnitudes—AC and AB in the drawing. For animated graphics of this and related problems in constructive geometry, see Lyndon H. LaRouche, Jr., "Our Economic Policy: Animation and Economics," at [www.larouhepac.com](http://www.larouhepac.com).

When we trace the intellectual history of the idea of the complex domain from the practice of *Sphaerics* by the Pythagoreans and Plato, we proceed in mathematical constructions through the anti-Euclidean, geometrical doubling of the square, to Archytas' geometrical doubling of the cube. The implications of this are made clearer through recognition of the frauds which the Leibniz-hating empiricist ideologues, D'Alembert, Euler, and Euler's protégé Lagrange perpetrated in connection with existence of those cubic roots which are,

in fact, implicitly locatable within Archytas' construction. The situating of the implications, for experimental *Sphaerics*, of elliptical and higher functions implicit in Kepler's uniquely original discovery of gravitation, and related discovery of the harmonic ordering of planetary orbits, defines the needs to go beyond the barest conception of *Sphaerics*, as a precondition for mathematical conceptualization of the existence of any universal physical principle.

So, Kepler summarized this and his related accomplishments in study of the Solar System as a whole, with two directives transmitted as tasks to "future mathematicians." First, the development of a truly infinitesimal calculus, that of the type uniquely developed by Gottfried Leibniz, including Leibniz's catenary-cued, universal physical principle of least action. Second, the importance of the generalization of the implications of elliptical functions shown not only in the characteristic of Earth's orbit, but the composition of the Solar System in general. The latter work was accomplished by contributions from numerous contemporaries of Gauss, chiefly French and German, but especially by Gauss and Riemann. This was the framework for the general development of the notions of the complex domain, and of curvature, by Gauss, and the continuation of Gauss's work by the original discoveries of Riemann.

Yet, we must never lose sight of the fact, that these accomplishments of modern European science are rooted in the Pythagoreans' and Plato's development of the Egyptian heritage of *Sphaerics*. Progress was never simply continuous in history. The emergence of reductionists such as the Eleatics, the materialists, the Sophists, the Aristoteleans, and the Romans, were grave intellectual and moral set-backs to the progress of European civilization. From the historical vantage-point presented by that view of history, the ideas of the Pythagoreans were not actually superseded by the development of those reductionist systems which repudiated the original Pythagorean-Platonic basis. The essential axiomatic issues posed to the Pythagoreans are still among the most crucial issues for scientific method today.

The crux of all ontological issues so posed by the known history of civilization, European civilization in only its specific way, may be stated as a question: "Since universal physical principles are proven to exist with full efficiency, even though they are not themselves objects of sense-perception, how is it possible that the human mind could conceive a universal principle as a object of the mind? For this, Riemann once borrowed a concept for such objects of thought from the anti-Kantian educational philosopher Herbart, *Geistesmasse*. Later, he expressed this notion by reference to what he identified as Dirichlet's Principle, with notable emphasis on the implications of his own 1857 *The Theory of Abelian Functions*, the theory of the generalized *Riemann Surface*. Vernadsky's definition of the methods of investigation of the Biosphere, and his concept of the Noösphere, are conceptions of this type associated with Riemann's notion of Dirichlet's Principle.

Any validatable physical principle is universal in its intent and scope, even though it may appear to apply to special situations within the universe at large. We may say that any discovered principle appears to have been lurking, waiting for its opportunity to pounce. How can we conceive of a universal principle as a definite object of the mind? A useful response to that question would be the way in which Riemann replaced (but doubtless did not discard) his use of the term *Geistesmasse* by his emphasis on Dirichlet's Principle. We hear little explicitly from Riemann on the subject of *Geistesmasse* again, because the mathematical-physical technical term for that named subject was changed to *Dirichlet's Principle*.

*Dirichlet's Principle* defines a class of physically efficient mental objects which are never perceived, but whose existence is efficiently demonstrated by crucial types of experiments. *Life* and *Cognition* are higher qualities of expression of such objects.

These objects do not exist as real in the vocabulary of the relatively stupefied intellects of the class known to theologians as *Gnostics*, such as reductionists, such as the materialists, empiricists, positivists, existentialists, and as killers in the names of religion, of the type of Dostoevsky's Grand Inquisitor, who may say "Kill them all and let God sort them out."

That much said, let us proceed by taking the further discussion of this subject to my own home-base, the subject of the science of physical economy.

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## 2. The Science of Physical Economy

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The same quality of conceptual challenge posed by Vernadsky's 1935 case for the biogeochemical domain, arises as the qualitatively more profound, central feature of organization presented to us by the subject-matter of economic science. This fact should not be a surprise to any matured thinking person of modern times. Cognition is of a higher order than the abiotic and biotic domains.

It is already implicit in what is written in preceding portions of this present report, that I place the authority of the evidence of a science of physical economy, on the highest level among branches of science. The basis for making that argument is implied in Vernadsky's achievements in defining the Biosphere and Noösphere successively. As I shall restate the case at suitable points later in this present writing, the functional characteristics of the living practice of a well-defined science of physical economy, is the summation of man's capacity for acquiring and proving any kind of new experimental knowledge. It is in observations and experiments conducted from the advantageous position of that pinnacle of man's place in the universe, his place in the Noösphere, that the highest level of knowledge of physical science knowable

for man is to be found.

The reader should bear that point in mind, both in reflections on what I have said respecting science above, and what I shall add below.

After all, man is a living organism, whose existence is biologically a part of the Biosphere, and depends upon the Biosphere. Yet, that is not the essential distinction of the human species, nor of the individual member of that species. The essential distinction is "intellectual," a quality in the image of the Creator of the universe, a quality of a higher order than anything experienced in any other living species. Since, as Vernadsky emphasizes, the Noösphere is expanding, relative to the Biosphere, so, just as the Biosphere should be continuing to grow relative to Earth's immediate abiotic domain, we must say that, just as Vernadsky emphasizes that abiotic material is used by the processes of the Biosphere, and exchanged within the abiotic domain, so the biotic features of the human individual, and individuals are used in accord with those higher principles expressed in the Noösphere.

Mankind's historically recent personal entry into exploration of nearby Solar space implies the Noösphere's absorption of the Solar System as of the Earth itself.

These considerations just stated here, are not mere analogies, but appropriate descriptions of the state of affairs already in progress.

Therefore, economy, insofar as it is not expressed in forms of mass human behavior which degrade human beings to the relatively "zero growth" population potential of a species of ape, is an expression of the highest order in the universe explicitly known to us, the Noösphere. Therefore, no one should be astonished to learn that any competent theory of economy must have the most essentially distinguishing characteristics which are to be inherited, so to speak, from knowledge of the participating role of the principles distinguishing both the respective and combined characteristics of the Biosphere and Noösphere. In other words, the same kinds of qualifications which Vernadsky's 1935 work specifies for the Biosphere's distinction from the abiotic domain, and, similarly, for the distinction of the Noösphere from the Biosphere, are the implicit foundations of any competent approach to defining and governing a real modern economy.

In the simplest kind of example of the discovery of a universal physical principle, the apparatus, or its functional equivalent employed by us, contains a feature which corresponds to the demonstration of the principle which is being tested. This is typified by the crafting of machine-tool designs for such purposes as testing an hypothetical experimental principle. If the test experiment has a positive outcome, the relevant aspect of the machine-tool or like experimental design, then becomes the point of departure for designing processes, such as those which might be used in manufacturing, processes which incorporate the function of the discovered principle into regular human practice.

I have often used the image of the "goldfish bowl" to illustrate the significance of this kind of experience. This con-

sideration brings us to the point of reflections on a crucial problem of economy considered as a physical, rather than a monetary process.

In contemporary societies so far, most of the people operate on the basis of a set of the typical individual's more or less witting assumptions, some of which are supported by practice, and many frankly absurd. The total set of such assumptions, useful and false combined, is a mind-set which can be likened to the condition of a captive fish in a fishbowl-like container.

So, it might often appear to us that the behavior of those people we observe in action is confined within virtual walls, like those of some container, where no such "wall" actually exists outside their own mind. Those people are not responding to the real world; they are confining their actions to a special, imagined world, whose "walls" are not only a combination of both respectable and absurd axiomatic assumptions alike, but also reflect much ignorance of and indifference to many actual principles and conditions existing in the universe.

The simplest classroom illustration of this can be provided by showing the pathological character of the set of definitions, axioms, and postulates associated with a classroom Euclidean or Cartesian geometry. This presents us with a case in which all of these varieties of presumptions are false. Constructions made according to those principles of *Sphaerics* employed by the Pythagoreans and by Plato, lead us toward direct and accurate calculations, whereas attempts to address the same matter within the framework of a Euclidean or Cartesian geometry become a cause for rituals which incur needless frustrations, and often also embarrassing mistakes.<sup>17</sup>

We must concede, however, that the ideal Euclidean or Cartesian mind, while inherently pathological in its own right, might seem to be almost a marvel of orderliness, even a certain excellence, when it is compared with the currently prevalent everyday opinions of most people on the subject of scientific and social behavior in general. No further concession in this matter were needed, or permissible.

In any case, the elimination of false, axiom-like assumptions, or the addition of a discovered, valid universal principle, has an effect which causes the range of behavior to extend into a realm outside the implied walls of that person's prior, goldfish-bowl-like belief-system. The effect of such changes is to raise the power of the relevant human activity by some

order of magnitude.

Thus, for example, the increase of the density of power expressed by technological progress from sunlight, to wood-burning, to charcoal, to coal and coke, to nuclear, and to thermonuclear power, represents a kind of effect which we may interpret as human willful increases in the intensity of heat per square meter of cross-section of the relevant heat-flow. My associates and I have often found it convenient to present this fact in the language of "energy-flux density." These and related increases of the density of the equivalent of heat-flow are marked by points at which a qualitative change in society's relationship to its environment occurs, a change from a relatively less powerful, to a more powerful system.

Usually, it is the intensity of the heat-flow, rather than the total amount of heat added, which defines the crucial points in this process. Thus, proceeding from various forms of chemical combustion as a source of heat, to nuclear fission, and then thermonuclear fusion, corresponds to a shift to qualitatively higher forms of physical action. The critical values marked along a scale of such changes, each correspond to successively higher physical states, such that mankind's power over its environment, per capita, and per square kilometer, is increased qualitatively at critical points of qualitative change.

Generally, these qualitative improvements in man's power to exist, are the outgrowth of either discarding some of what are shown to have been false "axiomatic-like" assumptions, or the addition of the use of a discovered new principle, or some combination of both types of actions. This means either "tearing down the walls" of the fishbowl, or moving the walls outward, to encompass more and more of the real universe in mankind's search for a greater scope for the quality of action which is relevant to the increase of, and capacity for survival of the human species. Different categories of what we may measure by the crude yardstick, "energy," may be regarded as presenting us with "walls" which can be breached only through qualitative changes in scope of human practice.

Notably, the principal markers of the qualitative implications of these increases of intensity may be either molecular (distinguishing both abiotic and biotic), atomic, nuclear (e.g., nuclear fission), or sub-nuclear (thermonuclear, matter-antimatter). The quality of action possible, and the order of nature in which the domains for such qualities of action are entered, compel us to give up simplistic ideas about "energy,"<sup>18</sup> and to regard today's popular beliefs about "energy" not as expressing the work of nature, but as the product of superstitions crafted in service of fallible ideologies.

The discovery of practicable approaches to controllable use of resources of these relatively higher order domains, is one of the ways in which walls of the ideological fishbowl of current cultural practice are to be broken.

17. For example, the assumption of three respectively independent senses of direction in empty space depends, as Euler, in his own 1761 *Letters to a German Princess*, argues against Leibniz in his insistence upon a value of "absolute zero" curvature for any interval of action, whereas experimental physics, such as those of Leibniz's universal physical principle of least action, shows that, contrary to Euler, Lagrange, and Cauchy, for example, no infinitesimal could be so small that it would have "zero" curvature. There is no existing abstract space, time, or matter, but only efficient physical space-time. The absurdity of Euclidean and Cartesian reductionist schemes is about the only thing in geometry which is truly self-evident.

18. The fact that we can measure the height of dogs, cows, and people by the same yardstick, does not allow us to class all as species of yardsticks.

The willful changes in behavior, in organization and use of power, by means of which mankind maintains and also increases our species' potential relative population-density, express a unique distinction of the human species from all lower forms of life, including, of course, each and all of the varieties of great apes. The resulting distinction of man from the lower forms of life, defines an implied argument which sets man's existence essentially above the Biosphere within which he participates. That is so in the sense, for Vernadsky's 1935 paper, that the principle of life distinguishes the concert of living processes from the abiotic domain. *This distinction is an essential universal principle of real economies.*

What is true of raising the level of the quality of power applied, is paralleled by other adoptions of valid added principles to the repertoire of human action.

So, just as the principle expressed by living processes defines a boundary separating the Biosphere from the abiotic domain, so the effect of the principle of cognition defines a Noösphere which is functionally and otherwise distinct from the Biosphere. The three domains, the abiotic, the Biosphere, and the Noösphere, interact, and exchange material with one another, but, as Vernadsky argues in the 1935 location referenced here, the boundary which separates the one process from the others is definite, and of the quality of a lawful universal physical principle. The appropriate conception of such boundaries is the notion of Dirichlet's Principle.

There is not one of the conditions I have selected from what is described by Vernadsky, in the 1935 report, for this kind of distinction of the Biosphere from the abiotic domain, which does not have a correlative in the distinction of the Noösphere—which is to say the physical economy—from both the abiotic and the Biosphere, although it is the same abiotic and organic material of the universe at large which is shared among them. The three systems, abiotic, Biosphere, and Noösphere, each have a characteristic universal principle of action, distinct from the other two. In each case, action within that domain is organized according to that characteristic principle of the domain, but the principles typical of each domain, and therefore the result, are different.

However, although it is correct to emphasize the relative distinction of each of the domains from the others, there are higher principles which both define the commonality of the elements of that three-fold domain, and also order the relations among them.<sup>19</sup> This brings us to the challenge represented by the idea of human cognition itself. After treating cognition as creation, I shall return our attention to the matter of the comparison of the ways in which Vernadsky and I have, respectively, obliged ourselves to treat the issues of universal principle associated with the respective phenomena of life and cognition.

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19. This kind of distinction corresponds to a notion which Plato addressed, famously, under the topic of the general notion of hypothesis.

## What Is, and What Is Not Creation?

*The human discovery and use of a discovered universal physical principle, is not only an efficiently physical action. It is one of the essential expressions of the most typical quality of categorically human activity.* To follow Vernadsky: *It defines the way in which society (i.e., the Noösphere) organizes the flow of both abiotic and organic materials which it absorbs, uses, and discharges.*

At this point, I must illustrate that point in ways which engage what might be termed the practical experience of economy by any intelligent citizen.

The individual thinks of a useful sort of typical product of agriculture or manufacturing as an independent object, produced by the will of a definite set of people performing the appropriate actions in some definite place. Typically, this produced object may be transferred to some other location, where it might be stored for a while, or purchased, and taken away for consumption.

That individual thinks of the exchange of the product or service produced by one person, for a different product or service by another. Typically, it seems to each that all this can be explained in the language used for financial accounting practice. That kind of belief in accounting is essentially an illusion.

The relationship of the particular product or act of production within an economy, to the economy as a whole, is of a character more than merely analogous to the relationship among all of the components of the Biosphere to one another, and to the abiotic domain.

As Vernadsky emphasized in his published 1935 work principally referenced here, the characteristic feature of the Biosphere as a whole is its development as a whole, a development from a relatively lesser, to a relatively greater significance for our planet, and, implicitly, therefore, the universe as a whole. This development, when it occurs, is characteristically anti-entropic. By anti-entropic I mean a system which is overall, characteristically anti-entropic, expressing a universal principle of action which is moving its universality as a process from lower to higher states of organization. It does not signify "negative entropy," as a case of local, temporary reversal of a universal entropy.

Thus, life is characteristically anti-entropic.

In the case of society, the directed process of increase of the Noösphere, is also characteristically anti-entropic. Absolutely or relatively entropic states may exist within part, or the whole of the Biosphere, or Noösphere at times, but such conditions are inherently pathological states of those phase-spaces.

To restate the same point, say that humanity is typically Promethean, in the sense of that term associated with Aeschylus' *Prometheus Bound*. Recall, that the evil Olympian Zeus condemned the immortal Prometheus to nearly eternal torture for imparting knowledge of the use of fire to human beings.

In other words, Zeus, like the Physiocrat Dr. François

Quesnay, and Turgot later, degraded man as Quesnay based his doctrine of *laissez-faire* on the assumption that farmers were, functionally, merely a form of cattle on the titled landlord's estate. Remember that the entire economic dogma of Lord Shelburne's Anglo-Dutch Liberal system was based on the doctrine of "free trade" which Shelburne's lackey Adam Smith plagiarized from the *laissez-faire* dogma of Quesnay and Turgot. Similarly, Bernard Mandeville, the titled "patron saint" of today's Hellish Mont Pelerin Society, based the profit of society on the unbridled license of Enron-like private vice.

In reality, contrary to the Olympian Zeus, man and woman made in the image of the Creator, are naturally creative. Scientific progress based upon the realized effects of the endless discovery and command over universal physical principles, is the essential nature of mankind, the essential nature of the Noösphere. So, as evolution of species of life drives the Earth to higher states of existence, above the abiotic, so the characteristic form of successful action by society is the increase of man's power over the planet, per capita and per square kilometer of the planet's surface. This creative activity, which modern society has recognized in the benefits of scientific and technological progress, is essentially anti-entropic.

This brings us to a crucial point in the relevant argument. Since the characteristic activity which defines the existence and persistence of the Noösphere is *universal anti-entropy, the characteristic feature of every action within the Noösphere is its relative anti-entropy*. The essential part of what is being exchanged within the economic process as a whole is the relative anti-entropy expressed by the way in which the generation, circulation, and consumption of products is organized.

In this respect, the characteristics of the Biosphere, as Vernadsky and his Laboratory defined it, and Noösphere, as I define physical economies as wholes, are analogous. Everything to which I have referred, on this account, in excerpting Vernadsky's 1935 paper, has a parallel in my methods of a science of physical economy. The relations among the products of the Noösphere have an echo in the relations among the chemical elements circulating within the Biosphere, as in Vernadsky's 1935 account of such kinds of relations between the Biosphere and abiotic domain.

Both domains, the Biosphere and Noösphere, are characteristically anti-entropic, but the characteristics differ qualitatively.

## Globalization as a Form of Evil

*In its broader expression, creativity is expressed by Classical modes of artistic composition (as distinct from most of today's leading preferences in popular art) in plastic and non-plastic art-forms and their application to other aspects of human practice. Creativity is not something optional in human choices of behavior; that is the only thing which actually distinguishes your choice of political candidate, or painter or musician, from the apes.*

It is through that action of the individual human mind, that the repertoire of increased numbers of universal physical principles are not only discovered, but deployed to change man's relationship to the universe qualitatively in an upward direction. *The increase of the Noösphere, relative to both the abiotic domain and the Biosphere, through the fruits of willful cognition, is not only as change in mankind's relationship to the universe; it is an efficient change in the characteristics of action within that universe.* Just as the Biosphere, including its fossil products, are taking over more and more of the Earth, so the accumulation of scientific and technological progress gained through cognition of individual souls, is increasing its domination of the planet relative to the Biosphere.

I had the occasion recently to point out a certain absurdity permeating commonplace beliefs respecting so-called "globalization." That discussion occupies a notably relevant place at this point in my report. It illustrates the point which I have just made on the subject of creativity.

The suggestible, more poorly educated mind thinks of economy as the devotees of Bernard Mandeville, Adam Smith, and the British Foreign Office's Jeremy Bentham did. In fact, contrary to today's more or less conventional, and reigning "monetarist" opinion, it is a rule of thumb in modern economy that approximately half of the true cost, of the indispensable total product of labor within society, is expressed as what we term basic economic infrastructure. As we see in the still continued great margin of poverty among nearly three-quarters of the populations of leading nations with advanced agro-industrial technologies, such as China and India, the want of sufficient elaboration and distribution of truly modern forms of infrastructure expressing modern technology, makes a mockery of the search for less costly goods by runaway U.S. and European investors in what is currently called "globalization."

In such cases, we must see the lower prices of goods produced in those nations as the cause of the terrible misery within as much as seventy percent of the population as a whole. The misery is chiefly a reflection of the long-term failure to pay, and to be able to pay the necessary price of the goods produced at cheaper prices by cheaper labor.

This is reflected in the terrible degree of collapse of the internal economies of the U.S.A., Europe, and others under the so-called "floating-exchange-rate" monetary system of today's International Monetary Fund (IMF) and World Bank. During these three decades, since approximately the mid-1970s, we have cheapened the price of goods consumed within the U.S.A. and Europe, by exporting production to regions of the world where production is cheaper.<sup>20</sup> The

20. In the U.S.A., for example, the net physical standard of household income of the lower eighty percentile of the population, has fallen rather continuously since approximately 1977. Since the U.S. has been incapable of reaching "third world" conditions within its present population-stock, it now imports masses of extremely poor as both legal and illegal immigrants from below its borders.



*Globalization's child labor in Honduras. "As a result of this practice of so-called 'globalization,' the potential population-density of the planet is being driven toward levels far below the present level of world population. Globalization is, therefore, the practice of genocide, as in Africa, but also on an increasingly global scale."*

cheapness is the fruit not only of low wages paid in those other nations, but, more significantly, in the lack of the costs of modern forms of basic economic infrastructure.

Therefore, the financier interests controlling this shift in the world economy demand both savagely lower wages for the general populations of the nations to which production has fled, but they also insist upon the suppression of the cost of providing modern basic economic infrastructure in these new markets, while destroying the productive basis in formerly industrialized powers such as those of the U.S.A. and Europe.

In the meantime, in the attempt of Europe and the U.S.A. to compete with the cheaper production they have engendered

in nations with much lower standards of household income, the governments of Europe, the U.S.A., and others, have connived to—in effect—slash their own economic throats, by pushing the prices of labor and investment in infrastructure, down toward “Third World” levels, while, at the same time, driving the prices of goods produced abroad lower, and lower, and still lower, by transferring production from already poor nations of the cheap labor markets, toward nations with the worst imaginable conditions of national life.

As a result of this practice of so-called “globalization,” the potential population-density of the planet is being driven toward levels far below the present level of world population. Globalization is, therefore, the practice of genocide, as in Africa, but also on an increasingly global scale.

Much could be said and written of the minds and morals of those influential circles who have concocted and foisted that policy of practice upon our planet. However, for the moment, let us treat this as a scientific fact, as a matter of manifest and massive foolishness, rather than evil intentions.

If this trend, called “globalization,” were to be continued, we would reach a critical point, a phase-shift, of self-accelerating physical economic decline globally, at which the potential (e.g., “sustainable”) population of the planet would decline to approximately the present population of China, or much less, within a generation or so. Look at the role of investment in basic economic infrastructure in that perspective. Already, throughout most of the world, including the U.S.A. itself, human life itself is becoming very cheap, with that price dropping at a currently accelerating rate. If this continues, a point of phase-shift will be soon reached, at which the level of population will also begin to collapse, and that at an accelerating rate.

All of this global downturn has been concentrated within the most recent four decades, since about the time Harold Wilson assumed the post of Prime Minister of the United Kingdom, since about the time Zbigniew Brzezinski emitted his late 1960s draft for a “technetronic revolution,” since about the time of the eruption of the ultra-decadent “68ers” of the “rock-drug-sex counterculture” and that decadent culture’s popular fads of LSD, marijuana, and the like.<sup>21</sup> This change, which was first implemented, most

21. This plunge into decadence, while triggered by the U.S. war in Indo-China and other factors of the middle to late 1960s, was not so much a product of the 1960s, as it was a reflection of the impact of the influence of the counter-cultural Congress for Cultural Freedom on the education and other relevant circumstances of life of the children and youth of the 1950s, especially the suburban population of that time. Vietnam was the detonator, but

notably, in the economies of Europe and the Americas as the highly touted “cultural paradigm-shift” of the recent four decades, is the key to understanding how once powerful and increasingly prosperous nations, such as those of North America and Europe, have also willfully destroyed themselves during the course of these four decades to date, and have gone so far into lunacy as largely praising themselves for making this change.

Otherwise, the pattern of “globalization” which I have just summarily described so, can be studied usefully from a different vantage-point, that of Vernadsky’s notion of the Noösphere.

The level of the productive powers of labor achieved through technological progress, is not determined solely by the quality of the technology expressed by the process of farming or manufacture. The productive powers of labor expressed in the process of production of a product for market, are largely, even chiefly determined by the role of the basic economic infrastructure provided as the environment of the acts of production of consumable objects purchased. This basic economic infrastructure is expressed both as the necessary environment of production itself, and as the necessary environment of the population engaged in that production.

When those factors are taken into account, cheaper labor in so-called developing nations is not actually a means for lowering the net physical cost of maintaining the world at a present level of potential relative population-density.

One source of complications which tend to mask the physical realities of “outsourcing,” is the difference between current price and the price of the same goods produced and sold under conditions in which the economies of the world taken as a whole were actually engaged in long-term net growth, as tended to be the case during the first two decades in post-war Europe and the Americas, for example. That earlier experience must be compared with what is now shown to have been a long wave of net decline in those regions, a presently persisting decline which began at varying points, from case to case, during the more recent four decades.

The reality of the past four decades begins to be demonstrated forcibly when we take into account the loss of modern production facilities, the falling physical standard of living of the population of a nation considered as a whole, and the rising demand, that costs which nations formerly paid, are being cut, cut, cut, and cut again. It is as if governments, such as that of the Second Administration under U.S. President George W. Bush, Jr., were telling their people, “We are reaching the point that we can no longer afford to keep you alive.” The savage cuts in pensions and health care in the U.S.A. and western Europe, are typical of this morbid trend.

What we have termed “basic economic infrastructure” is

not only an essential part of the cost of production of a nation’s salable output of commodities. The level of technological development and physical capital-intensity of investment in infrastructure is itself a multiplier of the productivity of labor employed in the fabrication and distribution of agricultural and manufactured products.

Step back one step. The lowering of the physical cost of production of goods through scientific and technological progress occurs as much in the form this progress is incorporated in investment in basic economic infrastructure, as in the direct costs of production and distribution of manufactured and distributed agricultural and manufacturing product.

Thus, by shifting production to poorer countries, while allowing the rot and discard of infrastructure and production in nations such as those of North America and Europe, we have lowered the net per-capita output of the world as a whole, by lowering the net level of technology expressed as both basic economic infrastructure and the production of marketable goods. We wreck the nations, such as the U.S.A. and Europe, which had the highest relative concentration of investment in maintenance and improvement of productive technology and related basic economic infrastructure, while relying upon production by a small fraction of the total population in so-called developing economies, “developing economies” in which the technological level of production and standard of living is typically low, even very low. What it has become fashionable to describe as “globalization” has been a process of what has become a factually undeniable collapse of the productivity of the planet considered as a whole.

Since the useful physical life-span of much of the basic economic infrastructure on which modern life depends, runs in the order of between one and two generations, the nearly four decades of increasing neglect of replacement and repair of basic economic infrastructure has brought much of the world, North America and Europe most notably, to a much lower level of productive potential than during the 1960s. The time has come at which worn-out infrastructure, and lost investment in modern agriculture and industry, must be replaced rapidly, on a vast scale, or there will be a sudden collapse of productive potential to levels far below that prevalent up to this moment. This approach to the closing phase of a long-term capital cycle, in relevant sections of the world, now defines a precipice for the world economy as a whole during the times immediately before us. Unless there is a sudden, drastic shift back to heavy investment in basic economic infrastructure, the apparently slower long-term decline in economy experienced during recent decades will soon be jolted by a relatively precipitous rate of physical decline, even a collapse.

## Economy and the Noösphere

Now, reconsider the following from among those excerpts from Vernadsky’s 1935 paper which I quoted at the outset of this report. Reconsider the formulation, now slightly modified: *It, cognition, defines the way in which society (i.e., the*

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the 1950s influence of the Congress for Cultural Freedom was the explosive cultural charge which was exploded as the “68er” syndrome. The hypocrisy of the parents of 1950s suburbia matured as what was, potentially, the culturally fatal sophistry all too typical of their children, the “68ers.”



*Noösphere*) organizes the flow of both abiotic and organic materials which it absorbs, uses, and discharges. Compare my own views with those stated by Vernadsky for the case of the Biosphere.

For this purpose, I shall interpolate some restatements, as comments, here, of some of the points I have made above. By repeating them in this way, we may hope to make clearer to the reader what I have already stated on this matter above.

For example, quoting and slightly paraphrasing Vernadsky:

"If this structure is called a mechanism, it would be a special, very peculiar mechanism, a continuously changing mechanism—a dynamic equilibrium—never reaching a state strictly identical in the past and in the future. At every moment of the past and of the future time the equilibrium is different but closely resembling. It contains so many components, so many parameters, so many independent variables, that no strict and precise return of some state in its previous form is possible. An idea of it may be given by comparing it to the dynamic equilibrium of the living organism itself. In this sense it is more convenient to speak of the *organized state*, rather than of the *mechanism* of the biosphere."

Let us apply this image to the economy as I have described it in the immediately preceding pages. Instead of regarding an economy as charlatans such as Mandeville, François Quesnay, Adam Smith, and Jeremy Bentham have done, consider an economy as a kind of organism. This time, consider it as an organism of the Noösphere, rather than the Biosphere.

"Life," in this case the principle of creative reason, "is continuously and immutably connected with the" Noösphere, and also the subsumed "biosphere. It is inseparable from the latter materially and energetically. The living organisms are connected with the biosphere through their nutrition, breathing, reproduction, and metabolism. This connection may be precisely and fully expressed quantitatively by the migration of atoms from the biosphere to the living organism and back again—the *biogenic migration of atoms*. The more energetic the biogenic migration of the atoms, the more intense is life," or, in this case, cognition. "It," in this case, of economy, "is nearly dying out or hardly flickering in the latest phases of life, the importance of which in the organized state has not yet been evaluated, but should not be overlooked.

"The biogenic migration of atoms," or in this case, the materials produced and consumed by the integrated economic process of society as a whole, "comprises the whole of the biosphere, and is the fundamental natural phenomenon characteristic of it.

"In the aspect of historical time—within a decamyrriad, a hundred thousand years,—there is no natural phenomenon in the biosphere more geologically powerful than," in this case, human "life."

"The chief geological importance of these masses of substance embraced by life," in this case physical economy, "that seem small when compared to the mass of the biosphere, is connected with their exclusively great energetic activity.

"This property of the living substance," in this case, cognition, "having nothing equal to it in the substance of the planet, not only at the given moment, but also in the aspect of geological time, completely distinguishes it from any other earthly substance and makes the distinction between the living and inert substance of the planet quite sharp, the more so that all the living is derived from the living. The connection between the living and the inert substance of the biosphere is indissoluble and material within the geological time—of the order of a milliard of years, and is maintained exclusively by the biogenic migration of atoms. Abiogenesis is not known in any form of its manifestation. Practically, the naturalist cannot overlook in his work this empirically precise deduction from a scientific observation of nature, even if he does not agree with it due to his religious or philosophically religious premises."

"The whole work of the Laboratory," in this case, my discoveries and their use in economy, "is based on such a structure of the" Noösphere, "on the existence of an impassable sharp, materially energetical boundary between the" cognitive "and" non-cognitive "substance."

"It is necessary to dwell on this point, since it appears to me that in this question there is a vagueness of thought, which impedes scientific work." Such is the situation in the practice of economy by nations today.

"We do not proceed here beyond exact empiric observation, the deductions from which are obligatory for the scientist and as a matter of fact for every one; it is on this observation that he not only *can* but *must* base his work. These deductions may possibly be explained differently, but in the form of *empiric generalization* they are to be taken into consideration in science, for an empiric generalization is neither a scientific theory, nor a scientific hypothesis, nor else a working hypothesis. This generalized expression of scientifically established facts is logically as obligatory as the scientific facts themselves—if it has been logically correctly formulated." It is the same for economy today.

"The sharp material energetic distinction of the living organisms in the biosphere—of the living substance of the biosphere—from any other substance of the biosphere penetrates the whole field of phenomena studied in biogeochemistry." It is the same for the Noösphere.

Here, the application of Dirichlet's Principle to the physical processes of economy shines forth. For this purpose, we shall replace the use of the term "life," by "cognition." Both terms are cognates of *creation*. One as applied to the principle expressed by living processes; the second as a higher order of creativity, cognition as defined by man's experimentally validatable discovery of a universal physical, or equivalent principle. In place of Vernadsky's "the biogenic migration of atoms," we have "the cognitive migration of materials."

If we apply that standard for the healthy, normal state of the Noösphere to the evidence of Earth's economy during the recent forty years, especially since the election of President Richard Nixon, we would be obliged to describe the political-

economic doctrines of practice of the U.S. economy, and also that of Europe, since that time as clinically insane. The criteria of the cheapest price and highest rate of financial profit have not only failed, but have shown themselves the worst imaginable sort of threat to the future of the human species, and economists of that persuasion defined as a failed species.

Let us, therefore, take the cited 1935 criteria of Vernadsky for the Biosphere as a standard of comparison. Let us adopt the intention to investigate the nature of those pathological features of the recent three and a half decades of the U.S. economy from that vantage-point. We proceed as follows.

The difficulty we face in treating the subject of human creativity, as Vernadsky faced a similar problem of method in his defining the Biosphere, is that, just as the principle of life which is expressed by living processes, is not found within the province of biochemistry, the power which orders the creative powers of the individual human mind are not biological processes as such. In both instances, we are confronted by something which is universal, and physically efficient, but intangible to the senses.

It is not accidental that problems of this type could not be addressed effectively by an Euler, Lagrange, or other empiricists. When these gentlemen set out to deny the existence of the infinitesimal in Leibniz's catenary-cued calculus of the universal principle of physical least action, they eliminated attention to those discontinuities which betray the presence of a universal physical principle, principles of a type which Classical Platonic Greek science found in Archytas' construction of a solution for the doubling of the cube. Such knowledge can not be reached by any ordinary inductive method, certainly not by the methods of the reductionist inductive-deductive "sciences."

We can, indeed, often recognize the presence or absence of what is properly named human creativity once we have the hang of conducting such investigations, but our knowledge of the principle of intellectual creativity is limited to a kind of evidence similar to Vernadsky's reference to the Biosphere. Hundreds of thousands of years' accumulation of the fossils of the Biosphere, approximate universality in ways which permit systematic investigation of the way in which a principle of life expresses its footprints. In human creativity, the fossils of physical scientific progress work to similar effect.

The work of such outstanding Renaissance figures as Brunelleschi and Leonardo da Vinci has pin-pointed elements of discovery in artistic composition which, fortunately, if seemingly coincidentally, are verifiable as such by physical-scientific methods. When the cross-voice relations within Classical compositions in J.S. Bach and such followers as W.A. Mozart and Beethoven are adduced by demonstration in performance, creativity can be precisely defined in the medium of musical composition. In general, when the forms of ambiguity which are rightly presented as ironies are shown to point to a verifiable truth not otherwise accessible to conventional use of language, a similar proof can be adduced.

In language, as in art, just as life as such seems inaccessible

to the senses, it is generally impossible to convey important discoveries by literal use of an established habit in employment of a language. Only a creative intellect can discover the existence of creativity. Creativity can be communicated only by prompting the activation of the creative powers specific to the individual human mind. However, even the dumbest of beasts, or of U.S. Presidents could feel the force unleashed by that human creativity. Thus, it is a fine point of Mosaic theology, and the theology of Plato's *Timaeus*, that only man can know the unseen God, although the universe must feel His effects.

In other words, can we know the principles of a sane economy by applying the methods which Vernadsky applied to the Biosphere, to the economy defined as an expression of the Noösphere? The question is thus posed: would we then be using the model of the Noösphere as a trick for understanding the economic process, or is it also the case, that knowledge of the physical economy, viewed in this way, is indispensable for probing the Noösphere with a precision lacking in the methods actually developed in any record of the work by Vernadsky?

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### 3. Ancient and Modern Society Today

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The most significant scientific problem to be faced in efforts to define society for these purposes, is that the modern society has systemic characteristics which do not exist in ancient and medieval forms of European society. Moreover, the prevalent practices of national economies today are an awkward mixing of modern economy with a superimposed relic of medieval society.

The chief common problem of today's study and application of a habit called "economics," is that the prevalent, worldwide view of the subject itself has been shaped by that tradition of Venetian financier-aristocratic usury whose product is known today as the intrinsically imperial Anglo-Dutch Liberal system. This view is typified by Mandeville's Enron-like promise that great good can come only from the unhampered proliferation of small-minded private acts of evil. What, then, if we put aside the superstition that the interest earned on loan of money is the Cain-raising Adam and Eve of economy? Why should we tolerate the existence of a creature which has shown itself the author of such pernicious doings as wild money has often done, as with the pestilence of financial-derivatives speculation today, and that on a tremendous scale, now an absolutely unpayable sum, many times greater than the total annual product of the planet as a whole?

This Anglo-Dutch Liberal financial system on which the fanatical doctrines of our contemporary monetarists are premised, is most explicitly a relic of a form of medieval society known as the ultramontane system, established as an alliance of the medieval Venetian financier-oligarchical system with

the Norman chivalry. Like ancient society, medieval ultramontane systems subordinated the great majority of the population to the status of human cattle, defining social relations in a way echoed by the argument on behalf of the dogma of *laissez-faire* of the Physiocrat François Quesnay. Quesnay's argument, from which the British East India Company's Adam Smith derived his "free trade" dogma, was, as I have already emphasized above, an echo of the doctrine of the Olympian Zeus from *Prometheus Bound*, insisting that mankind not be permitted to have knowledge of the use of "fire"—i.e., universal physical principles.

In the contrary form of society, the modern sovereign nation-state republic otherwise named a *commonwealth*, the principle of organization is called *the general welfare principle*. In this organization of society, the ideas corresponding to fundamental principles of science circulate more or less freely and abundantly in society. Thus, in the typical ancient and medieval society, the noëtic principle is not the characteristic mode of organization of the society as a whole, whereas, in that modern European sovereign republic which is sometimes referred to as a commonwealth, the noëtic principle is the characteristic form of action within the social process.

Although the principle of the republic committed to the promotion of the general welfare is ancient knowledge, as the cases of Solon of Athens, Socrates, and Plato typify this, the constitution of nation-states based upon the principle of progress in the promotion of the general welfare dates from the Fifteenth-Century Renaissance and such exemplary cases as France under Louis XI and the application of Louis's principle by England's Henry VII.

The situation became complex with the resurgence of the power of the Venetian financier-oligarchy as a result of the Ottoman conquest of Constantinople. From the expulsion of the Jews from Spain by the Inquisition in 1492, until the 1648 Treaty of Westphalia, the Venetian faction used religious warfare and persecution, as in Karl Rove's Flagellant-like political following in the U.S.A. today, as a weapon to divide the emerging modern European nations against one another. The weakening of the power of Venice as a state power during the Seventeenth Century led to the continuation of the Venetian model of quasi-imperial rule by the Dutch and English India Company models based on the special doctrine, called empiricism, of Venice's Paolo Sarpi, a doctrine which has dominated world finance, and the popular ideology of Europe and other locations, since the February 1763 Treaty of Paris where London's imperial supremacy was first established in the interest of the British East India Company at that time.

The model modern form of sovereign nation-state republic for today was established with the 1789 U.S. Federal Constitution; but, the chain-reaction effects of the French Revolution and Napoleonic rule and ruin, combined with Anglo-Dutch Liberal corruption, isolated the young U.S.A. for an extended period, until the U.S.'s emergence as a world power during 1863-1876 and its emergence as a leading world power under President Franklin Roosevelt.

Thus, we have two leading "models" of European-style economies today. The Anglo-Dutch Liberal imperial system of international financier-oligarchical hegemony, into which the U.S.A. itself has been, unfortunately, significantly assimilated, versus the true modern nation-state system typified by the often mis-used principles on which the U.S. Constitutional system was founded. In the latter system, we have the basis for what might be termed a Vernadskyian model of Noösphere republic. The process of "globalization" which is threatening the extinction of civilization today, is a product of that Liberal tradition.

The complication arising between the two systems, the American System and the Anglo-Dutch Liberal system, is the fact that the role of technological progress has persisted until now as a determining economic and also military strategic factor, as the U.S. demonstrated during the 1939-1945 war. This factor has been such that nations under the Anglo-Dutch Liberal model, which are naturally better fit by ideology and temperament for a quasi-feudal form of society, than a modern, scientifically progressive agro-industrial culture, have nonetheless been unable, until now, to free themselves from a strategic compulsion to maintain society on the basis of a commitment to continuation of scientific-technological progress. The attempt to consolidate the form of imperialism called "globalization," is an effort to rid the world, once and for all, of everything which modern European civilization had accomplished.

Thus, we must face the ugly truth, that the post-1964 rise of the "rock-drug-sex youth-counterculture" and the insurgence of "environmentalism," represent an effort of the neo-Venetian, Anglo-Dutch Liberal interest to free itself from the strategic threat which scientific-technological progress constitutes for an attempted continuation of financier-oligarchical hegemony.

Since 1789, the principal alternative to the Anglo-Dutch Liberal model has been what is known as the American System of political-economy, a system which is implicit in the composition of the U.S. Federal constitutional republic.

If the U.S. now comes back to its senses, pulling back from the terrible holocaust which the architects of the American oligarch George Pratt Shultz's Bush II Administration have unleashed, we have one last chance to stop the plunge toward global Hell. If we succeed in doing that in the U.S.A. itself—with whatever cooperation we might find for that noble enterprise—the mission of a community of perfectly sovereign nation-states will be to use the U.S. revolutionary model of 1789 as the rallying point for a system of international cooperation among sovereign states, a system we might have had but for President Franklin Roosevelt's most untimely death.

Then, the ideas associated with Vernadsky's conception of Biosphere and Noösphere will provide a needed added guidance for new global forms of cooperation among sovereign commonwealths. Then, the ideas expressed and otherwise reflected in the foregoing pages will become a possible reality for mankind as a whole.

## Early Elections in Germany Open New Options for Change

by Rainer Apel

Forecasts that the outcome of the May 22 elections for state parliament in North Rhine-Westphalia would be decisive for Germany as a whole, were more than appropriate, as surprising developments illustrated within a few hours after the election. With the final results of that election not even in yet (although the defeat of the Social Democratic Party [SPD] was already clear), German Chancellor Gerhard Schröder (SPD) announced that he would call early national elections by September.

The SPD defeat in that largest state of Germany, which constitutes 20% of the national electorate, gives the opposition Christian Democrats (CDU) a majority of almost two thirds in the upper house of the parliament. This majority gives them the ability to slow down legislation—as they are already doing with their absolute majority there—and also to veto any important legislation. A Germany already difficult to govern, would then become ungovernable, potentially paralyzing the nation for the next 15 months, until the scheduled national elections in September 2006.

Schröder decided to spare himself and Germany this agony, taking the risk of losing the Chancellorship in early elections, but taking the small chance for re-election.

Schröder elaborated on May 23 the procedure by which he will initiate early elections: On July 1, he will call a no-confidence vote in the parliament, which (by arrangements made before) would yield no majority for either him or the opposition leader, Christian Democrat Angela Merkel. According to the German Constitution, President Horst Köhler then has 21 days to dissolve the parliament or to seek another solution—for example, proposing another candidate for Chancellor. As elections would have to be held within 60 days after the President's decision, the last option for elections would be Sept. 18.

In the May 22 elections in North Rhine-Westphalia, the

SPD lost 5.7%, receiving 37.1%; the CDU gained 7.9%, receiving 44.8%. The SPD's coalition partner, the Green Party, lost 1.2%, receiving 6.2%; the Free Democrats (FDP) lost 3.6%, receiving 6.2%. With minuscule financial resources, but enormous conceptual drive and political combativity, numerous of the 41 candidates of the Civil Rights Movement Solidarity Party (Büso), headed by Helga Zepp-LaRouche, got 0.4 or 0.5% in their election districts. This is significant, given the state's large electorate, and the fact that small parties in Germany can become coalition partners of larger ones, and exercise leverage in other ways.

Acknowledged by many SPD members and voters as the better program, the Büso campaign platform gained statewide attention, even among those that did not vote Büso this time, and it is certain to play a catalyst role in the internal SPD debate now.

Schröder's move has surprised many, including the opposition leaders. Schröder's likely adversary for the Chancellor's office will be Merkel who is a neo-con in foreign policy, with a corresponding economic policy of radical austerity. Schröder has a slim chance in the autumn, but he has a chance. In foreign policy matters, his approval rating is at 46%, way ahead of Merkel's 36%. But, his and the SPD's Achilles' heel is the economy. In the North Rhine-Westphalia elections, where foreign policy played no role, the SPD lost for one reason: More than 1 million of the state's 17.6 million inhabitants are without a regular job. This, and the Hartz IV labor market "reforms," led to the SPD's defeat, because its traditional voter base has become deeply frustrated.

SPD chairman Franz Müntefering's charge against the speculative "locusts" eating up Germany's industrial base, was a step in the right direction, but was too little, too late. And, the SPD refused to distance itself from the anti-industrial Green Party—a policy that is going to change now. Schröder

himself stated on May 23 that he wants the SPD to “run against all other competitors,” which means that it will not campaign with radical ecologist positions, but concentrate on the unemployment issue, leaving it open whether there would be any new coalition with the Greens at all, after the elections. This statement has met broad support among SPD members, a majority of whom consider the Greens an obstacle to any effective investment and job creation policy.

Schröder’s only chance to get re-elected is a decisive turn in economic and social policy: a large-scale state investment program for infrastructure and industry projects creating enough productive jobs to bring down the mass unemployment. BüSo chairwoman Helga Zepp-LaRouche’s advice for Schröder has been that he implement a transaction tax for derivatives trading and other speculative activities, and support a New Bretton Woods initiative for a reorganization of the world financial system.

On May 23, Zepp-LaRouche announced a national mobilization (see *Documentation*) for the three crucial weeks until June 13, the date of the Chancellor’s speech on the hedge fund issue. That intervention by the BüSo aims to get the New Bretton Woods issue into the SPD platform for the early elections. And, very important: The SPD will be mailed updates on the crucial situation in the U.S. Senate and other political interventions by the LaRouche movement in the States.

Germany has entered a new phase of political developments, with new options for positive changes, and as it was in the North Rhine-Westphalia election campaign, the LaRouche movement will be a decisive factor in the shaping of these options.

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## Documentation

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### Zepp-LaRouche Speaks Out

*This leaflet by Helga Zepp-LaRouche, chairwoman of the Civil Rights Movement Solidarity (BüSo), was issued in Germany on May 26, under the title “A Coup d’État in the U.S.A. Was Averted! The BüSo Enters Full Force Into the Federal Election Campaign.”*

With Chancellor Schröder’s decision to go for early elections this Fall, and his distancing himself from a further coalition with the Green Party, new opportunities have been opened for Germany. All the more so as a threatened coup against the U.S. Constitution was averted through a bipartisan agreement among 14 Senators, creating a completely new situation both in the U.S. and internationally.

While attention in Germany was focussed on the election results in North Rhine-Westphalia and Schröder’s surprising

announcement of early elections in September, the truly crucial battle was taking place in the U.S. Senate. In the context of the pending confirmation of Federal judges, the Cheney/Bush Administration had attempted to stage nothing less than a coup d’état against the U.S. Constitution. Lyndon LaRouche countered this with a declaration titled “Save our U.S. Constitution Now,” in which he called for resistance all over the country, especially in Washington, and pointed to the parallel between the intended power grab by the White House now, and the *Notverordnung* [emergency decree] enacted in Germany on Feb. 28, 1933. The fact that a bipartisan coalition of seven Democratic and seven Republican Senators, led by Sen. Robert Byrd (D-W.V.) and Sen. John Warner (R-Va.), repelled this attack and “saved the republic” as Senator Byrd put it, amounts to a political earthquake.

With that development, the basis has been laid to face the next two dramatic dangers which are hanging over the world as a Damocles sword: 1) the preventive nuclear strikes against Iran and North Korea which the neo-cons intend to launch, and 2) the imminent collapse of a series of hedge funds, and with that, the collapse of the global financial system. To counter both dangers, the same type of bipartisan cooperation between Democrats and traditional forces in the Republican Party is needed, as well as a common return to the tradition of Franklin D. Roosevelt and his New Deal.

With this backdrop, the BüSo will immediately enter full force into the Federal election campaign, and insist, in particular, on the necessity of a new financial system, a new Bretton Woods in the tradition of FDR. The uncontrolled collapse of hedge funds, which will constitute a virtual daily threat over the next few weeks, presents an existential danger for the entire physical economy worldwide, and for the lives of millions of people along with it. Therefore, as a first step, regulation of hedge funds must be put on the agenda immediately,



*Helga Zepp-LaRouche addresses a meeting of her party, the Civil Rights Movement Solidarity (BüSo), on May 3.*

despite the freakouts of those neo-cons who favor the warlike actions of predatory capitalism, not the least against Germany's productive *Mittelstand* [small- and medium-sized industry]. If, as mooted, the German Chancellor announces measures against the hedge funds during the SPD meeting scheduled for June 13, he must be fully supported. And if consenting voices are heard from the non-neo-conservative wings of the CDU/CSU, so much the better for Germany.

The bipartisan cooperation of U.S. Democratic and Republican Senators creates the preconditions for new types of coalitions; not formal coalitions of parties, but of forces who, in this period of dire threat, put the common good and the interest of Germany above their petty self interests. However, the world still stands at the edge of new Iraq-style wars—but this time with the deployment of nuclear weapons—and has to face the certainty of the onrushing global financial crash. Therefore, the highest priority of German foreign policy must be war avoidance, and the avoidance of conflicts which could indirectly lead to war. Second, the question of a just new world economic order has never been more urgent.

In the U.S. Congress, especially in the Senate, openness to the economic programs proposed by my husband Lyndon LaRouche, has grown tremendously. Among these proposals, there is his program for saving the bankrupt American automobile industry by converting it into a motor for rebuilding infrastructure in the U.S., as well as the return to the policy of FDR, that is, a new Bretton Woods and the New Deal. Such a fundamental policy shift would also offer a way out of the crisis for Europe and Germany.

The BüSo and the LaRouche Youth Movement will do everything possible in this election campaign to make sure the citizens understand this solution to the crisis, and can vote for it. The latest news from the United States is, for a change, very good. And despite all skeptics and cultural pessimists: the BüSo does have the remedy! And what's more—we are winning!

1. For taxation of hedge funds, as a first step toward ensuring transparency in the gigantic derivative speculation trading.

2. For the convoking of an emergency conference to create a new Bretton Woods system.

3. For the development of the Eurasian Land-Bridge as a vision of peace for the 21st Century.

4. For a state investment program of at least 200 billion additional euros per year in Germany, in order to create 10 million new productive jobs as soon as possible (to replace the Agenda 2010 and Hartz IV reforms).

5. For a new Treaty of Westphalia for the next 50 years, which guarantees to all nations on this Earth the peaceful use and development of all raw materials.

6. For a renaissance of scientific and technological progress, and of the inherently safe technology of the high-temperature nuclear reactor.

7. For a renaissance of classical education. The time has come for a *Schillerzeit*!

## New Provocations by Sharon in the Works

by Dean Andromidas

Israeli police recently revealed the arrest of five Israeli fanatics who were planning to attack the al-Haram al-Sharif/Temple Mount in the Old City of Jerusalem. The plot involved the launching of a Lau anti-tank missile at one of the mosques atop Islam's third most holy site—an attack that many fear could trigger a new religious war, if not World War III.

Although the Israel Shin Bet and police are conducting surveillance of hundreds of Jewish fanatics, their most serious target of investigation should be Prime Minister Ariel Sharon himself. The very networks that are plotting against the Temple Mount are those which have been supported by Sharon since the time of the 1967 Arab-Israeli War. Sharon has been the godfather of the illegal settlements since the final days of that war. For more than 35 years, these networks have enjoyed his support, and it is only since 2004, when Sharon announced his plan for disengagement from Gaza, that they have begun to attack him. Some experts have claimed that the threats to Sharon are only a feint, but an extremely dangerous one, inasmuch as it could be turned into a "live" operation by a rival right-wing faction.

Former Shin Bet Director Carmi Gilloon, writing in the Israeli daily *Ha'aretz*, May 20, said that an attack on the Temple Mount site "can be a disaster for the existence of the State of Israel, and can bring total war between the Muslim world, Israel, and maybe against Jewish targets abroad." But extremist settlers hope that just such an attack would unleash a war that would put an end to Sharon's so-called disengagement plan, which calls for evacuation of Israeli settlements in the Gaza Strip.

It is an open secret in Israel that Sharon, himself, is looking to disengage from his disengagement plan. On May 9, Sharon officially announced that the disengagement would be postponed from July 25 to Aug. 18, in deference to a religious holiday. On the same day, Vice Premier Shimon Peres told the *Jerusalem Post* that the disengagement was not a "done deal." While Sharon has declared "unequivocally" that this would be the last postponement, an opinion poll released by *Ha'aretz* on May 18, revealed that 37% of Israelis think Sharon will eventually announce yet another postponement, and only 35% believe that the disengagement will be carried out on schedule. Israeli commentators have also speculated that Sharon will call early elections, which would push the

disengagement date back by many months.

In September 2000, Sharon's march onto the al-Haram al-Sharif/Temple Mount sparked the second Intifada, and drowned the Oslo Accords peace process in a river of blood, which has continued to flow for the last four years. Another provocation will open the floodgates of religious war, freeing Sharon from his own disengagement plan and the "painful" sacrifices he has always been so loathe to carry out.

At the same time, the religious strife provoked by an attack against al-Haram al-Sharif would explode regionwide, and would open the way for a new confrontation with Iran, involving Israeli strikes at Iran's nuclear research centers, which Sharon has been pushing since his April meeting with President Bush. Such a confrontation would have the support of Vice President Dick Cheney and his gang in the Bush Administration who are committed to a strike against Iran.

### All Roads Lead to Sharon

A closer look at the security threats to the al-Haram al-Sharif/Temple Mount reveals the hand of Sharon. There are two types of threats. The first involves Sharon's "squadristi"—vigilantes—among the extremist settlers and right-wing messianic religious fanatics. The second is the Sharon government's policy to illegally grab all the land in East Jerusalem which is now physically separated from the West Bank by his "Berlin Wall" of the Middle East. This is creating the same pressure-cooker of frustration among the Palestinians that existed in September 2000, which Sharon ignited with his infamous march of 1,000 Israeli police onto the Temple Mount.

For months, threats to Sharon's life by religious and settler extremists who oppose the Gaza withdrawal have been played up as evidence of Sharon's sincerity about giving up Gaza to the Palestinians. The reality is more complex. Extremists are using the withdrawal as a "Godsend" to build their forces, raise buckets of money, and accumulate weapons to defend their homes against forced evacuation. Some experts have claimed that the threats are just for show, but others warn that if Sharon is actually trying to manipulate the appearance of these threats to build his credibility in the United States, it is a dangerous game, and could provide a cover for a real "breakaway" assassination run by some of his rivals. It was, after all, these same extremist networks that assassinated Prime Minister Yitzhak Rabin in 1995.

At a public meeting held at the end of last year, Rabbi Yisrael Ariel of the Temple Institute, one of the key centers for the Temple Mount fanatics, said that Sharon should not be blamed for the disengagement because it was God's punishment for not building the Third Temple. He then gave the marching orders to build the Third Temple, quoting scriptures: "'And they shall make me a sanctuary and I will dwell in the midst of them.' Does anyone expect the Holy One to do the work for us? If we build Him a sanctuary, He will reside in our midst." The message is clear: when the Temple

is built there will be no disengagement.

Rabbi Ariel is the number-one fanatic among Sharon's "squadristi." He is a founder and leader of the Gush Emunim extremist settlers movement, and in the 1970s was number-two in the terrorist Kach organization, and the right-hand man of fascist Rabbi Meir Kahane. In 1982, Ariel was the rabbi at the Yeshiva in the settlement of Yamit, in the occupied Sinai, and he fought against Israeli soldiers who evacuated the settlement after the peace treaty was signed with Egypt.

Shortly after Rabbi Ariel made his speech in late 2004, the so-called Ravave movement was created. Linked to the terrorist Kach organization, the group has been trying to mobilize a march of 10,000 people to hold a demonstration on the Temple Mount. Although they have not been successful, the activities have served to tax the resources of the Israeli police to the point that it is feared that preparations by those capable of launching a serious attack could go undetected, leading to a catastrophe. Israel police commissioner Moshe Karadi on May 23 said that it will require no less than 5,000 Israeli police to protect the holy site, if threats continue.

### A 'Professional' Capability

Commenting on the threats from right-wing fanatics, former Israeli Prime Minister Ehud Barak recently warned that a group of extremists, veterans of Israeli elite military units, could carry out an assassination of an Israeli Prime Minister, attack the Temple Mount, or massacre a group of Palestinians. According to a report in *Ha'aretz*, the fact that Barak is a good friend of Shin Bet director Avi Dichter (who was replaced at the end of May by Sharon loyalist Yuval Diskin), indicates that Barak knows what he is talking about.

Some of those arrested in the recent plot against al-Haram al-Sharif fit the profile identified by Barak, and are members of Sharon's "squadristi" gangs. The five arrested were members of the extremist Bratslav Hasidic movement, and they were to have committed suicide after firing their anti-tank missile at one of the mosques. One of the plotters, 21-year-old Avtalion Kadosh, told the Shin Bet that their goal was "to create a third intifada and a war with the Arab countries that would stop disengagement and lead to the transfer of the Arabs." Another extremist, Elio Chen of the settlement of Beiter, was to recruit Army veterans to show them how to operate the missile launcher. Amazingly, after being held by police for three weeks, the group was released, although limitations were put on their movements.

The Bratslav Hasidic movement, one of the most extreme messianic movements in Israel, is also one of Ariel Sharon's gangs. A study on the group by the Shalom Hartman Institute in Jerusalem, titled "Mysticism and Insanity in the Work of Rabbi Nachman of Bratslav," documents how crazy they are. The Bratslav followers are the "newly religious," the Jewish equivalent of "born-again Christians." Although it has its origins in 19th Century Eastern Europe and the Ukraine, its

operation in Israel is extremely nasty. The center of the Israeli operation is the Shuvu Banim Yeshiva in the Old City of Jerusalem, led by Rabbi Eliezer Berland. When Yitzhak Rabin was assassinated, Berland began to sing the verse from Psalm 136: "Give thanks to the Lord . . . to him which smote great kings. . . ."

Another key Bratslav rabbi is Eliezer Raphoel Brody, who precisely fits the profile outlined by Barak. Rabbi Brody served in the Israeli Army's elite special forces and participated in two wars and countless anti-terror operations. It was in 1982, while killing Palestinians in the streets of Beirut, that he "developed a burning spiritual thirst," according to his official biography.

Among Bratslav's leading members is Benny Ze'evi, the son of Rehavam Ze'evi, the slain leader of the fascist Moledet party, who called for "transfer" of all Palestinians from the "Land of Israel." According to a report on the group by the Center for the Protection of Democracy in Israel, "Shuvu Banim: Portrait of Perilous Extremism" (published in November 1999), Ze'evi has been able to purchase sophisticated surveillance and wire-tapping equipment for tens of thousands of dollars, with the knowledge of the Israeli police, and has a stock of stamps and seals of the Israel Defense Forces for use by the Shuvu Banim Yeshiva students and staff.

Many of the movement's recruits are "former" criminals who are organized in "modesty brigades," which are allegedly to enforce the Sabbath, but are nothing more than goon squads deployed to attack Arabs and other groups. The organization has links to the Rozenstein and Alperon crime families. One of the top Alperon crime bosses in Jerusalem, Moussa Alperon, is a Likud Party Central Committee member.

But the important connections of the Bratslav/Shuvu Banim group are to Ariel Sharon. In 1999, they were involved in a massive Likud membership drive organized by Ariel Sharon and his crony Ehud Olmert, which helped enable Sharon to become chairman of the Likud.

The Bratslav movement is one of several messianic religious groups that Sharon has deployed to take over properties in the Old City of Jerusalem, as well as East Jerusalem. The standard procedure is for the Israeli government to secretly buy properties, and then deploy the groups to terrorize the Palestinian tenants of the properties, who cannot legally be forced out of their homes, because of their "protected" status.

### Stealing Jerusalem's 'Old City'

The second possible trigger for renewed Israeli-Palestinian religious war is Sharon's plan to steal East Jerusalem, another major feature of his visit to the United States in April, during which he sought the approval to build 3,500 new homes connecting Jerusalem to a large settlement in the occupied territories.

In recent weeks, a new facet of this emerged, with a con-

trovery over Greek Orthodox Church Patriarch Irineos, who is accused of selling a long-term lease to Church-owned properties in East Jerusalem to an unnamed Jewish investor. A closer look reveals that this, too, is part of Sharon's Jerusalem land grab, which, if not stopped, could lead to violence between Israelis and Palestinians.

The Greek Orthodox Church owns thousands of acres of land throughout the Holy Land, including the land where the Knesset and the residence of the President sit, and Sharon wants to get his hands on it. The story about the Irineos sale broke in the Israeli daily *Ma'ariv*, which is owned by Sharon's friend Jacob Nimrodi. The daily quoted from the lease, but has refused to release the name of the Jewish purchaser. The revelation led to an outcry among the Arab-Palestinian Greek Orthodox, who are outraged that this would put a very large and important property in the Old City under Jewish control.

According to press reports, the so-called Jewish businessman is most likely the Israeli government itself, using a front company based in the Bahamas to mask its actions. Sharon used the same tactic in 1990, to take over St. John's Hospice, which is close to the Church of the Holy Sepulcher in the Old City. In that case, after the purchase of the long-term lease, Sharon's Temple Mount fanatics moved in and used violence and other means to force out the "protected tenants."

The Patriarch appears to have been set up. Sharon's government never liked Irineos, because of his links to the late Palestinian President Yasser Arafat, and the government refused to recognize his ascendancy to the Patriarchy almost three years ago. Recognition was extended only after the Patriarch gave his power-of-attorney to one Nikos Papadimas, a financial agent married to an Israeli. This same person, who fled the country and is now in hiding, has confirmed the sale, but has not identified the buyer. Nonetheless, even he claims that the Patriarch sold the lease in order to placate Sharon's government.

The Patriarch has denied all the charges, but already a majority of the Synod has called for his resignation.

On top of this, Sharon's government continues to seize the property of West Bank residents on the western side of the wall in Jerusalem, despite the fact that the Israeli Attorney General has ruled that this action was illegal. This is creating a pressure-cooker inside Palestinian East Jerusalem, similar to that of September 2000. If violence breaks out again, it will just play into the hands of Sharon.

**"Who Is Sparking A Religious War  
in the Mideast?"**

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# Why Is the Vote So Important On the European Constitution?

by Christine Bierre

On May 29, a national referendum will be held in France on whether to accept or reject the European Constitutional Treaty which was adopted by the European heads of state at two European Union summits on June 18 and Oct. 29, 2004. This text is now in the process of being ratified by the 25 EU members, either via popular referenda or parliamentary votes. Were one nation to vote against it, this entire process, in principle, should come to an end. As of this writing, polls in France are pointing towards a defeat. But the election will be highly contested until the very end.

The French vote is of special importance for those fighting in the United States to re-establish the Roosevelt tradition within the Democratic Party, and for moderate Republicans who are not in the wild neo-conservative camp of the George W. Bush Administration. Indeed, a vote against the proposed European Constitution would be the first move to turn back the clock on the entire process of globalization and deregulation, which started in Europe in the early 1970s, and which has been the cause of more than 30 years of deep impoverishment of European economies and populations. The mere prospect of its defeat has already created panic throughout the globalizers' networks internationally. If the proposed European Constitution is rejected by the French population, this would provoke the type of political shock necessary for LaRouche's friends in Germany, France, and Italy, to put their proposals for a New Bretton Woods reform of the international monetary system on the agenda.

## The 'Thirty Glorious Years' and Globalization

Like the United States, until the death of the Bretton Woods system in 1971, and its replacement by a system of floating exchange rates and policies of looting of the world economy known as globalization, the economies of Western Europe had enjoyed, after the war, a strong era of economic growth, known familiarly in France as the "thirty glorious years." During this period, according to a recent report published by the French Senate, entitled "For a European Neo-Colbertism," industrial development, not the service sector, was "the backbone of economic development in France." That "golden age" was reached because the post-war reconstruction was carried out around the industrial sector: con-

struction, public works, automobile, energy, chemistry, and aeronautics. The height of that period was 1974, when industry reached a historical high point of 38% of the GDP.

This exceptional period of growth (7% to 8% per year), an era of full employment which offered the population not only stable, long-term, and skilled jobs, but also steadily increasing living standards and opportunities, was the result of the impact of FDR's New Deal, as well as the "indicative economic planning" adopted by both General (later President) Charles de Gaulle and Jean Monet (father of European industrial collaboration in coal and steel, which ultimately led to the Common Market) in France in the aftermath of the war.

The "thirty glorious years" came to a screeching halt because of changes imposed by the Shultz/Kissinger team after the destruction of the Bretton Woods system in 1971: looting of the physical economy—research, infrastructure, and productive capacities—and of populations—low wages, education, and benefits. These are the policies which financial deregulation and globalization have brought about. Globalization means destroying the highly qualified and developed industrial economies and populations by looting lower-income countries instead.

In France and in Europe as a whole, 1974 is the year when the European Common Market, under the pressure of the post-Bretton Woods era, started lifting trade barriers, opening up to cheaper exports from the underdeveloped sector. This resulted in soaring unemployment which lasted over the last 30 years, as well as destruction of industrial capacities in Europe. Unemployment, according to the International Labor Organization (ILO), went from 2.8% in 1974 to 12.45% in 1997, and has remained over the 10% mark ever since, and that doesn't take into account massive underemployment.

By 1978, industry's percentage of GDP had fallen to 20.1%, and remained at the level of 19.5% up to 2002. Industrial employment went from 38% in 1974 to 17% today. Services today constitute 75% of the GDP! The remaining private industrial sector has tended to orient towards the lower and medium-low technologies (food, tobacco, textiles, wood, paper, plastics, basic metallic products, oil products,) and is now faring badly because of competition from developing



*LaRouche Youth Movement members in France are calling for a “no” vote on the European Constitution. The LYM participated in hundreds of large public debates, keeping the focus on reforming the global monetary system.*

countries like India and China. The areas of excellence in France today, are still the remaining great projects launched in the Gaullist area: nuclear power, aeronautics, space, and electronic components. The Airbus, which many European liberal free-market advocates believe to be the product of a “liberal” Europe, is a child born from the supersonic Concorde passenger plane, and France’s nuclear deterrent, the *Force de Frappe*. Projects like these could not be launched today, because European governments are forbidden to support this type of research and industry.

### **Western Europe Adapts to the Globalizers**

During this entire period since 1974, European governments agreed to abandon the “social” model of de Gaulle and German Chancellor Konrad Adenauer, and to adapt to the free trade model. And one can follow that evolution in France, from the time of President Georges Pompidou, who had already scrapped fundamental research in a big way, and started the deregulation of the financial sector, to the era of President Valéry Giscard d’Estaing. But it was during the long Presidency of François Mitterrand (1981 to 1995) that Europe adopted treaties which amounted to a real process of *hara-kiri* for their nations.

The Treaty of Rome, which created the European Community in 1957, reflected generally the types of economic principles which FDR’s New Deal had made possible in the United States, and which were generally hegemonic in Europe during post-war reconstruction. But starting with the Unique Act of 1986, which lifted all national barriers to circulation of goods and population within the European Community at

that time, the Maastricht Treaty of 1992, and the Amsterdam Treaty of 1999, the stage was set for the destruction of the European economies which one sees today.

These treaties transformed the highly regulated European Common Market, run by an association of sovereign nation-states, into a totally deregulated single market, where goods, services, and capital could circulate as they wished, aided by a single currency, the euro, under the unique control of a market-oriented European Central Bank. Among the worst measures rammed through by these treaties was the elimination of national banks and their replacement by a system of central banks under the control of a European Central Bank (ECB), independent of all political control. Up to this time, many countries, including France, had national banks run by government and other elected officials.

Articles 104 and 109E of the Maastricht Treaty specifically forbid the ECB and its national surrogates from “soliciting or accepting any instruction from the government”; and bill No. 93, adopted by the national assembly in France on Dec. 31, 1993, in application of Article 104 of the same treaty, formally “forbids [the central bank] from authorizing deficits or granting any other type of credit to the Public Treasury, or to any other organism or public company.” Modelled on the Anglo-Dutch liberal financial system, these treaties have eliminated any possibility for governments to intervene effectively into the economic evolution of their countries, thus leaving that task entirely to the financial markets.

### **A Citizens’ Revolt Against the Neo-Liberal System**

It is this acceptance of globalized speculative policies which the proposed European Constitutional Treaty wants to engrave in marble, because to adopt or amend it in any way requires a unanimous vote of the 25 member states! From the very preamble, the Constitutional Treaty reaffirms all previous treaties by stating that members are “Determined to pursue the work accomplished in the framework of the treaty instituting the European communities and of the treaty of the European Union (Maastricht and Amsterdam), by ensuring continuity of the Community’s acquired achievements.”

The free-market economy is upheld everywhere as a model which forbids, as stated in Article III-156, “restrictions to capital movements and other payments between member states and among member states and third countries.” Articles

III-181 and III-188, respectively, forbid the independent European Central Bank, sole monetary authority heading up a European system of central banks and determining its policies only with respect to the markets, from making credit of any type to any public institution and from taking advice of any sort from the national governments. Its only mission is to guarantee the “stability of prices” (Articles 1-30).

But this is the system which has led these formerly rich countries to their present economic debacle. Persistent unemployment and underemployment (temporary jobs, undesired part-time work, and so on) have negatively affected the future of nearly 20% of the population. A recent study published by the economic institute CERC, shows that the “net average wage has not progressed” since the end of the 1970s! Improvement of living standards over the last 25 years was on the order of 0.2% to 0.3% per year, usually less than the increases in the cost of living. Since 1978, real buying power has decreased from 4% to 8% in the private and public sectors. Households of the lower 80% of the population, those defined in the study as living only on their wages, have seen their living standards “drop steeply” since 1982.

Over recent years, the revolt against this system came only from forces like that of Lyndon LaRouche’s co-thinker Jacques Cheminade, and the relatively marginal “sovereignist” movements, made up of a sundry collection of parties often defending an ideal France which existed sometime in the past, but without a real, active perspective for the future.

What shifted this process was the fact that a revolt against the proposed Constitutional Treaty erupted from within the Socialist Party, which had previously been the main backer of the policies represented by the proposed European Constitution. However, not willing to again lose another election, as they did in the 2002 Presidential elections, left-wing and center-left leaders of that party decided to go against the Constitution, despite the Party’s position in favor of that policy. From there, the revolt spread out to larger sections of the population, fueling an incredible national debate: People attended thousands of meetings throughout the country, organizing reading groups on the proposed Constitution, creating local committees for the NO vote, and other activities unprecedented in the last 30 years.

In that revolt, the Solidarity and Progress party—the co-thinkers of LaRouche in France, led by Cheminade—have been playing a key role, not because of their numbers, but because of their economic conceptions, and projects to change the world, as well as the deployment of a very determined LaRouche Youth Movement at these meetings and debates. During the last several weeks, the LYM distributed well over 200,000 leaflets in Paris and other large cities, and participated in hundreds of large public debates, each time helping to focus the debates on the key issues and using international developments to build up momentum for a LaRouche-inspired reform of the entire monetary system.

While calling for a NO vote, Cheminade did not get bogged down in the NO versus YES debate on the proposed Constitution, but took a longer perspective, noting that beyond the May 29 referendum, the necessary reform of the system is what is crucial. In this respect the LaRouche/Cheminade forces have had an impact on both camps by briefing citizens’ meetings—in the context of discussing necessary future development projects—on the New Bretton Woods motion voted up by the Italian Parliament, on the demands for more state intervention coming from Social Democratic Party chairman Franz Müntefering in Germany, on the impact of the GM/Ford and hedge fund crises threatening the entire system, and on the new call by Helga Zepp-LaRouche for a New Bretton Woods conference.

LYM organizers have been forcing debates on the deeper questions of economic policies; namely, the difference between the free market economy and republican notions of public or public/private credit for infrastructure, manufacturing, and trade. These notions have a common source in France and in the United States with the Colbertist tradition leading to Alexander Hamilton and the Rooseveltian/Hamiltonian tradition coming back to Europe during the post-war reconstruction, when it nourished the Colbertist Charles de Gaulle.

This entire process has led to a global recomposition of the French political landscape, and this means a rapid end to the demonization of Jacques Cheminade by corrupt French circles working in conjunction with their British and American neo-con friends. Serious political leaders in both camps have come forward during this campaign, showing more and more interest in what Cheminade is proposing, and demonstrating their willingness to meet. Interventions by the LYM are no longer rejected out of hand, but are often encouraged by the organizers or people present at the events. Some of the other party leaders are even showing signs of jealousy, wondering why these dynamic youth are not in their own parties.

A sign that Cheminade is the personality feared by the main enemies of an FDR/de Gaulle economic approach in France, was the note appearing in the mass tabloid of the Paris area, *Le Parisien*, on May 17, reporting on a speech given to the Gaullist Academy by one of the main groupings in favor of the NO vote within the Socialist Party, the party’s vice president, Laurent Fabius. In its “Behind-the-Scenes” column, the paper writes: “Laurent Fabius, who the other night was speaking in front of the Gaullist Academy, an institution that called, as he did himself, for a vote against the European Constitution, thinks that General de Gaulle is not the property of ‘either the right or the left.’ ‘Those who tried to revive him are also those that betrayed him, *c’est la vie*’ he said, and was applauded. ‘And those who claim today to be his followers, are not the ones that represent him too well.’ Among those attending, the very sulfurous Jacques Cheminade, former Presidential candidate.”

# Looted by the Bankrupt IMF System, The Philippines Opens to LaRouche

by Michael Billington

A brief May 15-18 visit to the Philippines by *EIR* representative Michael Billington, the first Philippines visit by a U.S. representative of statesman and physical economist Lyndon LaRouche since 2001, met an open and enthusiastic response by the Philippine press and by leading layers of the political establishment. Almost 30 print, radio, and television media representatives packed a press conference on May 16, organized by the prominent journalist Julius Fortuna, and by Butch Valdes, the leader of the LaRouche Society of the Philippines, with considerable assistance from the Philippines LaRouche Youth Movement. The reporters participated in an intense, two-hour discussion with Billington on the collapsing U.S. economy, the crisis of Constitutional government in Washington, and the unfolding bankruptcy of the global financial-monetary system and what must be done about it. Billington underlined the urgency for the Philippines, and all developing nations, to implement emergency measures to defend their populations from the ongoing systemic global breakdown crisis.

Above all, Billington insisted to the press corps, as he did in several other radio and TV interviews during the visit, that although emergency measures by developing nations' governments, to defend their populations from the ravages of the bankrupt IMF-centered international financial institutions, were a matter of life and death, nonetheless, nothing short of a new world financial system, along the lines of the New Bretton Woods system proposed by LaRouche, could prevent the early onset of systemic collapse which will sweep all nations into economic collapse and global war. The now-public nuclear war plans against Iran and North Korea, released by U.S. Vice President Dick Cheney's neo-conservative fanatics at the Defense Department over the past weeks, underscore the urgency of that message.

The leading news service in the Philippines, ABS-CBN, released a report on the press conference titled: "U.S. Economist: Republic of Philippines should Pull Out of the IMF." It detailed Billington's warning that the Philippines was getting the "Argentina treatment," and that President Gloria Macapagal Arroyo must find the courage to act in the manner of Argentine President Néstor Kirchner, who refused to put payment of international debts ahead of the livelihood, and the very lives, of the nation's citizens. The news report quoted Billington's reference to Kirchner's statement, himself echo-

ing the LaRouche movement in Argentina, that the nation's survival proves that "There is life after the IMF." ABC-CBN also reviewed Billington's demonstration of what he called "Bankers' arithmetic," that most of the Third World debt was not legitimate debt obtained to invest in the physical development of the nation's productive powers, but was artificially created by forced currency devaluations, and the manipulation by international cartels of the prices of raw materials and commodities.

In an interview for ANC, the leading cable news station, reporter Carmina Constantino had researched LaRouche's history in dealing with these problems, and quoted from a 1999 *EIR* interview with Malaysia's former Prime Minister Dr. Mahathir Mohamad, who rejected IMF-orthodoxy and imposed currency controls in 1998 to stop the speculative looting of his nation. Her live 20-minute interview with Billington at prime time on May 18 was broadcast throughout the Philippines and across the U.S. on The Filipino Channel.

## LaRouche in the Philippines

The level of interest in LaRouche's ideas in the Philippines has exploded in recent years with the creation of the Philippines LaRouche Society (PLS) and a Philippines branch of the LaRouche Youth Movement (LYM). As the Philippine economy has slipped rapidly into bankruptcy since the U.S.-backed military coup of 2001, which placed President Arroyo in power, LaRouche's ideas have been heard and discussed on the Philippine airwaves every week, as several radio programs opened their lines to LaRouche and his associates from the United States. For the past year especially, a program hosted by PLS chief Antonio "Butch" Valdes, the former Undersecretary of Education, has hosted LaRouche spokesmen from the United States, Europe, and Australia four times a week, out of a total of six shows per week, with all six dedicated to current and past world history from the perspective of the method developed by LaRouche. The political and diplomatic role of Valdes, who is widely recognized as a spokesman for LaRouche's ideas, and the emergence of the LaRouche Youth on campuses and in politics in Manila, has created a pole around which political leaders seeking solutions to the crisis have increasingly turned.

As Valdes pointed out during several private meetings with political, military, and business leaders that he had ar-



*Michael Billington met an open and enthusiastic response during his visit to the Philippines. Here he is giving a two-hour-long press conference on May 16 in Manila, which was attended by nearly 30 journalists.*

ranged during Billington's visit, he first heard of LaRouche in 1984, when he was handed a copy of *EIR* with a cover story titled "The Philippines: Henry Kissinger's next Iran." This was soon after the Anglo-American-orchestrated overthrow of the Shah of Iran, which placed Islamic fundamentalists in power, and two years before Henry Kissinger and his cohort George Shultz orchestrated a similar coup against Philippine President Ferdinand Marcos. Marcos had done much to develop the physical economy of the Philippines during his years as President, and maintained a "non-aligned" position of diplomatic and economic relations with the United States, as well as with the Soviet and Chinese regimes—much to the displeasure of the oligarchical forces in Washington and at the IMF.

Valdes noted that he had opposed Marcos at the time, in part because of the Martial Law imposed by Marcos between 1972 and 1981, but the shocking *EIR* exposé of the Shultz/Kissinger subversion, whereby Acting Chief of Staff Fidel Ramos was recruited to serve as a Washington front-man for "regime change" against Marcos, led him to establish contact with LaRouche representatives, and investigate the matter for himself. When the threatened U.S.-directed coup was, in fact, carried out under the cover of a "people's power" mob in the streets of Manila, Valdes set out to master LaRouche's method of economic forecasting and historical analysis.

LaRouche has maintained his intense personal interest in the Philippines over the years, regularly speaking on radio broadcasts to the nation on the crucial historical role of the Philippines as embodying both Asian and European cultures, as a geographic and cultural crossroad linking East and West. LaRouche argues that both the positive and the negative implications of the occupations by Spain, and then the United States, especially under Gen. Douglas MacArthur, together with the historic tradition identified with Philippine national

hero José Risal, provide the Philippines with an historic mission both nationally and internationally. He emphasizes that the greatest problem in the nation has been a lack of nationalist leadership since the U.S. overthrow of Marcos in 1986, leaving the nation essentially without national sovereignty, under the dictatorship of the international financial institutional structure.

## **Economic Disaster**

When Billington arrived in Manila on May 15, two stories dominated the press and the airwaves: UNICEF had reported that malnutrition in the country was worse than in North Korea, while Moody's Investor Service reported that the Philip-

pine debt crisis was now worse than that of Argentina in 2001, the year of their sovereign default.

The UNICEF East Asia regional director, Anupamao Rao Singh, told a Philippine audience that child malnutrition in much of the southern section of the Philippines was 56%, compared with North Korea's 47%, and East Timor's 53%. The overall rate of malnourished to well-nourished, country wide, is 4:1, compared to North Korea's 2:1, Singh said. The response of a government spokesman was to meekly argue that overall nutrition in the Philippines is better than in North Korea—hardly an enviable comparison. The report confirms accusations by several opposition leaders over the past year, of hunger spreading rapidly across the nation.

As to the "worse than Argentina" claim, Moody's senior sovereign analyst Thomas Byrne said that the Philippine debt was more than five times greater than its revenue, double that of Argentina in 2001, and that "all the key fiscal ratios that we look at" are worse than Argentina at that time. To this ugly reality, the Arroyo Government argued that the Philippines was totally different, because there was a steady flow of "remittances"—dollars sent back into the country by the more than 8 million Filipino workers driven overseas, without their families, to find employment. It has been reported that another one million will be forced to flee in search of a job this year alone.

Although most of these are construction workers, cooks, maids, and other unskilled or semi-skilled labor, the most infamous case is that of the fleeing doctors and nurses, leaving behind a nation in desperate need of their skills, but unable to provide a living wage. Not only do the excellent Philippine nursing schools churn out nurses who rush overseas as fast as they can, but an estimated 2,000 doctors also leave the country each year, most to find work, despite their education, as nurses in the United States and elsewhere, where they earn 16 times



*Butch Valdes (left), the leader of the LaRouche Society of the Philippines, with Billington and members of the Philippines LaRouche Youth Movement. They are organizing an alternative to the economic crisis—a crisis which has resulted in worse malnutrition in the Philippines than in North Korea.*

the pay of certified doctors at government hospitals in the Philippines.

The cab driver that carried Billington to the airport after his visit explained that he had earned a five-year engineering degree, but could only find work as a cab driver despite the desperate need for his engineering skills in rebuilding the nation. He intended to join the overseas workers' ranks in order to feed his wife and child. More than 6,000 Filipinos work in the U.S. military bases in Iraq, mostly as truck drivers and cooks. Several have lost their lives or been kidnapped by insurgents, as their reward.

## The Debt Crisis

**Table 1** shows how "Bankers' Arithmetic" has looted the Philippines, especially since the so-called "Asian currency crisis" of 1997-98, when global speculators undermined the currency values of nations across Asia. Since that time, there have been essentially zero Western financial flows into the Philippines, except to refinance debt, at ever higher interest rates. Thus, as shown, the Philippines owed \$46 billion in 1998, paid almost \$49 billion in debt service between 1998 and 2004, and yet, despite no net real foreign investment, ended up owing nearly \$55 billion. That is,  $\$46 - \$47 = \$55$ ; that's Bankers' Arithmetic!

On top of that, the debt itself has essentially doubled, in terms of the national currency, because of the devaluation of the peso by more than half, from 26.4 pesos to the dollar in 1997, to 56.4 in 2004 (the peso was 4 to the dollar in 1971!). In other words, the \$46 billion

in external debt owed in 1998 cost twice as much to repay today, in terms of the local currency, the peso, because the currency was reduced in value by half against the dollar. The peso valuation of that debt service is a more accurate measure of the actual labor power and national product which must be expended by the Philippine economy to meet that debt service.

Thus, if we take into consideration the impact of this speculative, forced devaluation of the peso, and calculate the *peso equivalent of each year's debt service payments in dollars*, and then translate that peso value back into dollars at the 1997 exchange rate, we get a true measure of how much was extracted from the Philippine economy to pay the debt service. As shown in Table 1, the actual worth of the debt payments between 1998 and 2004

were about \$89 billion, nearly *twice* the amount that the nation was given credit for. This makes the Bankers' Arithmetic even more absurd:  $\$46 - \$89 = \$55$ .

The government of President Gloria Macapagal Arroyo has done everything demanded of it by the IMF and the international financial institutions, and yet, as in the case of Argentina in the 1990s, the obedience has only led to poverty and bankruptcy. When the IMF and the World Bank demanded an increase of the regressive Value-Added Tax (VAT) from the already excruciatingly high 10% to 12%, and other new tax increases—all to be applied to debt service—the Arroyo government complied. Although several of the tax plans were

TABLE 1

### The Philippines Has Paid Its Debts!

(Figures rounded off)

	External Debt (Millions \$)	Debt Service (Millions \$)	Exchange Rate	Debt Service (Pesos)	\$ Value of Debt Service at 1997 Rate
1997			26.4		
1998	\$46,146	\$5,095	38.7	19,7176	\$7,469
1999	50,997	6,627	40.3	26,7068	10,116
2000	51,206	6,072	50.0	30,3600	11,500
2001	51,900	6,564	51.4	33,7389	12,780
2002	53,645	7,445	53.1	39,5329	14,975
2003	57,395	7,967	55.6	44,2965	16,779
2004	54,846	7,221	56.4	40,7265	15,427
<b>Totals</b>		<b>\$46,991</b>			<b>\$89,046</b>

Using the devalued peso values: \$46 billion owed minus \$47 billion paid = \$55 billion still owed

Using the 1997 exchange rate value: \$46 billion owed minus \$89 billion paid = \$55 billion still owed

Source: Central Bank of the Philippines.

rejected by the Congress, the VAT was recently rammed through over the opposition. Senate opposition leader Sen. Aquilino Pimentel warned Arroyo that the new tax would only “add to her woes, rather than bail her out of her predicament, for the simple reason that it would cause more hardships for our people.” The Minority Leader in the House of Representatives, Rep. Francis Escudero, said that the VAT, and the failure to act on the spreading poverty, were the central causes of the collapse of Arroyo’s popular support rating to 38%.

Despite various accounting schemes aimed at hiding the fact, it is estimated by several sources that two-thirds or more of the nation’s national revenue is being eaten up by debt service. A group opposing Arroyo led by three bishops, reported in May that 88% of tax revenues in 2003 went to debt service. With a sovereign credit rating at “junk” status, that is, below investment grade, the government must borrow at exorbitant rates on the international markets, further aggravating the crisis. At least \$4 billion in new borrowing is planned for this year, all for debt service.

### **Another U.S. Coup?**

And yet, the neo-conservatives in Washington are making unmistakable threats of another Philippines coup, this time against President Arroyo. The prominent nationalist economist Alejandro “Ding” Lichauco—who in the past has lent his name to those who called endlessly for the overthrow of Gloria Arroyo, without any idea of what leaders or what program could replace her, and restore the economic sovereignty that was lost 20 years ago—has recently warned that it is, indeed, the neo-conservatives in Washington that are orchestrating a coup against this government.

The most recent proof of U.S. plotting against the Arroyo Government came from outgoing U.S. Ambassador to the Philippines, Francis Ricciardone, and his Deputy, Joseph Mussomeli—both spokesmen for the Cheney policy of preemptive war. Ricciardone gave his parting shot by calling for “peaceful” regime change in the Philippines. Couched in terms of righteous condemnation of any “violent overthrow, extra-legal overthrow of the government,” Ricciardone added slyly that “if people are frustrated enough and angry enough about the problems in this country, that they feel change has to come about, you’ve got options.” Of course, every Filipino now knows that these “options” refer to the U.S.-backed military coups carried out against Marcos in 1986 and against President Joseph Estrada in 2001, which the U.S. Government described as “peaceful change.”

Deputy Chief of Mission Mussomeli made it even more explicit when he said that the southern province of Mindanao, where the U.S. military is deployed to “train” Philippine troops engaged in active combat against terrorist gangs, “could turn into the next Afghanistan.” As *EIR* has documented over the past two years, the Cheney/Rumsfeld policy in Washington is to establish a permanent U.S. military presence in Mindanao as a crucial part of the “ring around

China,” in preparation for their intended confrontation with China in the medium term. The claim of “uncontrolled terrorism” is the excuse used to force the issue of U.S. military intervention.

This helps explain why the neo-cons have turned against Arroyo, despite her economic subservience. The Bush Administration has never forgiven President Arroyo for her decision in 2004 to remove the small contingent of Philippine Armed Forces troops deployed in Iraq as part of the “coalition of the willing,” rather than let the 6,000 Filipino workers in the war zone be subjected to further murder and kidnapping. In fact, she has recently called for all 6,000 workers to return home, offering free passage.

In addition, President Arroyo has significantly strengthened relations with China, including military relations, to the consternation of the China-hawks in Washington. A recent visit by Chinese President Hu Jintao to Manila resulted in historic agreements, including \$1.62 billion in Chinese loans and investments for rebuilding rail infrastructure, building a nickel plant, oil development, expanded trade, and the development of a port in the far northern city of Laoag, which, with proper rail development, could become a center for expanding trade with China and the rest of the Asian mainland, and on to Europe through the Eurasian Land-Bridge. Territorial conflicts in the South China Sea were also resolved, with joint oil exploration in the Spratly Islands in the works.

### **New Bretton Woods.**

In addition to his warning about a new U.S. coup, economist Lichauco has called on Arroyo to save herself and her country by following Argentina’s lead in repudiating the debt. “If she succeeds,” he wrote in a March 21 op-ed in the *Daily Tribune*, “as the government of Argentina did,” then she will have no problem staying in power. Lichauco attended the Billington press conference in Manila on May 16, joining Billington at the podium to ask: “If the President, or a future president, would repudiate the debt, what support would he or she get internationally?” The answer is that a growing alliance of forces around the world are joining in LaRouche’s call for a New Bretton Woods Conference, to replace the bankrupt IMF with a system of fixed exchange rates and long-term credits for infrastructure development. Nations which take defensive measures now will find growing support internationally, but must at the same time add their voice, and their ideas, to the call for building a new international financial architecture.

Meetings with leading members of both houses of the Philippines Congress during the Billington visit showed active interest in bringing the Philippines up to its historic potential as a sovereign nation in world affairs, by joining in the call for the New Bretton Woods. With the U.S. economy crashing, and threatening to bring the world economy down with it, there is little time to lose.

## The Franklin /AIPAC Case: Cheneygate Revisited

by Jeffrey Steinberg

On May 24, the U.S. Attorney's Office in Martinsburg, West Virginia, announced a new criminal complaint against Larry Franklin, charging the Pentagon analyst with illegal possession of classified U.S. government documents. The indictment stemmed from a June 30, 2004 raid on Franklin's West Virginia home, during which 83 classified documents were seized. At the beginning of May, Franklin was arrested on a similar criminal complaint issued by the U.S. Attorney for the Eastern District of Virginia. Each complaint carried a potential ten-year jail sentence.

The Franklin case is but the tip of an iceberg that extends from the Washington, D.C. headquarters of the semi-official Israeli lobby in America, the American Israel Public Affairs Committee (AIPAC), to the headquarters of Israel's intelligence services, to the Office of Secretary of Defense Donald Rumsfeld. Ultimately, the Franklin case promises to reopen the combination of scandals collectively known as "Cheneygate."

It was an open secret, the week of May 23, that several Democratic U.S. Senators were prepared to publicly call for the impeachment of Vice President Dick Cheney, if he had triggered the so-called "nuclear option" barring Senate filibusters of nominations of Federal Circuit and Supreme Court Justices. Although that moment of crisis passed, the specter of Dick Cheney orchestrating what Sen. Frank Lautenberg (D-N.J.) branded a "cold coup" against the Constitutional role of the U.S. Senate has raised the stakes in several ongoing criminal probes, that all lead to Cheney's office. These include: the Valerie Plame leak; the Niger yellowcake document forgeries; the Halliburton contract scandals; *and* the Franklin case.

According to news accounts that accompanied the May 24 criminal complaint against Franklin, investigations into

the Air Force reservist, turned Pentagon Iran desk officer, dated back to 1997, when Defense Intelligence Agency officials were alerted to unauthorized contacts by Franklin with Israeli military and intelligence officials. Franklin had served two reserve tours at the U.S. Embassy in Israel. The second tour, according to Pentagon sources familiar with the case, was cut short because of the unauthorized and unreported meetings.

### A Neo-Con Patsy?

Franklin apparently came to the attention of Paul Wolfowitz (later Deputy Defense Secretary) when Franklin took courses at the Johns Hopkins University School of Advanced and International Studies, where Wolfowitz was Dean. Franklin was hired as a civilian analyst, to be the Iran desk officer at the Near East South Asia (NESA) policy office, headed by William Luti, early in the Bush 43 Administration. Luti, a retired Navy captain, was initially an aide to Vice President Cheney at the outset of the Bush Administration. But by the Summer of 2001, he was sent to the Pentagon to take over NESA. According to eyewitness accounts provided by Lt. Col. Karen Kwiatkowski (USAF-ret.), who worked for Luti from 2002-03, Luti's ties to the Vice President remained strong. Luti boasted at staff meetings that he was working for "Scooter," a reference to I. Lewis "Scooter" Libby, the Vice President's chief of staff and chief national security advisor.

Libby had his own curious links to Israeli intelligence. For over a decade, as a Washington "power alley" lawyer, his main client was fugitive swindler and Mossad piggybank, Marc Rich. Libby, too, was a protégé of Paul Wolfowitz, who left the Pentagon recently to take over as president of the World Bank.



When the Franklin case first grabbed headlines in August 2004, Douglas Feith, the Assistant Secretary of Defense for Policy, who is another leading Pentagon neo-con, denied any involvement with Franklin, dismissing him as “six levels below me” in the Pentagon chain of command.

In fact, sources report that Franklin was a frequent participant in exclusive brown-bag lunch sessions in Feith’s private office. The closed-door sessions reportedly included a neo-con-only crew: Feith; Harold Rhode, another Wolfowitz ally and protégé of British Intelligence Arab Bureau “scholar” Dr. Bernard Lewis; Abraham Shulsky, the head of the NESA Iraq war planning hub, the Office of Special Plans; Luti; and former Defense Policy Board head Richard Perle. Michael Pillsbury, a member of the “Blue Team” of Sinophobes in the Pentagon and CIA, who was a top consultant to Feith, also attended some of the private soirées, according to one source.

Assistant Secretary of Defense Feith resigned his post suddenly and without explanation several months ago, effective July 2005. Federal law enforcement sources suggest that Feith’s resignation may be linked to the Franklin probe. He was reportedly interviewed four times by FBI and other counterintelligence investigators.

Former colleagues of Franklin have described him as a “nice guy” who “went native” during his reserve tours in Israel. They paint a picture of someone who the leading Pentagon neo-cons may have cultivated and played as their “patsy.” It was apparently Franklin’s sharing of classified Pentagon and CIA intelligence with two AIPAC officials that is at the heart of the current grand jury probe—although the FBI investigation of AIPAC officially reportedly predated the 9/11 attacks.

Two former AIPAC officials, Steven Rosen and Keith Weissman, have told the press that they expect to be indicted in June, on charges stemming from their relationship with Franklin.

## The Show Must Go On

Rosen and Weissman were fired by AIPAC on the eve of the organization’s annual policy conference in Washington, which took place May 22-24. Rosen, who was the director of research for AIPAC for 27 years, knows more about the group’s inner workings and ties to both U.S. and Israeli intelligence and government officials than anyone else. Although he and Weissman, the organization’s Iran expert, were fired, their legal bills, which reportedly already total more than \$1 million, are being paid by AIPAC. The departure-with-legal-fees was arranged, according to sources, by Washington lawyer Nathan Lewin. More than 25 years ago, Lewin was instrumental, according to author Mike Sabba, in shutting down a similar Department of Justice probe into the passing of classified documents to Israeli officials by then-Senate Foreign Relations Committee staffer Dr. Stephen Bryen.

The Israeli intelligence officer suspected of being Bryen’s

late 1970s case officer, Zwi Rafiah, surfaced in 1999, in league with “Scooter” Libby and the Anti-Defamation League’s Abe Foxman, in orchestrating the Marc Rich pardon by then-President Bill Clinton (Clinton later acknowledged that, if he had known that Rich’s lawyer would later be Chief of Staff to Vice President Cheney, he would have never signed the pardon).

In a further twist on the Franklin/AIPAC case, government sources have reported that at least four journalists have been asked to voluntarily appear before the Alexandria, Va. grand jury, to discuss briefing calls they had received from AIPAC’s Rosen.

In another recent development pointing to the ties of Cheney’s office to the Franklin case, on the same day that the first arrest warrant was issued for Franklin, the White House announced that Luti was leaving the Pentagon to take up a post as Special Assistant to the President for military strategy.

Luti’s Office of Special Plans (formerly the Iraq desk at NESA) has been widely identified as a key part of the pre-Iraq-War propaganda “stove pipe” that ran between the Iraqi National Congress, the Pentagon, and the Office of the Vice President—bypassing all traditional intelligence checks and balances, and chains of command. It was this circuit that produced some of the most fantasy-riddled material on Saddam Hussein’s weapons of mass destruction, and ties to Osama bin Laden and the al-Qaeda perpetrators of the 9/11 attack.

Analysts in Washington are asking whether Luti’s return to 1600 Pennsylvania Avenue is aimed at securing his silence, as the heat rises from the Franklin/AIPAC grand juries.

Already, back in September 2003, another leading Pentagon neo-con, propagandist David Wurmser, had been brought onto Cheney’s staff. Wurmser had headed a small team in Feith’s office, assigned to cherry-pick the CIA, NSA, DIA, and other intelligence agency work product to create a connecto-case that Saddam was behind 9/11. Wurmser subsequently went to the State Department, where he was special assistant to arms control chief John Bolton. From March 2003 until his appointment as Middle East policy aide to Dick Cheney, Wurmser was “on loan” from Bolton to the Vice President’s staff.

**Senate delays John Bolton confirmation vote:** On May 26, the vote on the Bush Administration’s nominee to become UN Ambassador did not take place as the White House had hoped, because the Republican leadership in the Senate was unable to muster the 60 votes necessary to cut off debate on the nomination. Senate Minority leader Harry Reid (D-Nev.) said that the failure to vote on Bolton “is not the fault of the Democrats. . . . We’re here to get information,” referring to documents about Bolton’s snooping on other U.S. officials which the Administration has refused to provide.

## AFL-CIO Leader: We're Ready To Do the Work

*Bill Londrigan has been the president of the Kentucky AFL-CIO since 1999, representing 100,000 union members, including mineworkers, fire fighters, office workers, and many others. On May 11, a resolution was pre-filed in the Kentucky legislature (for next session), by Louisville/Jefferson County Representative Perry Clark (D), calling on legislators of the Commonwealth of Kentucky, to act for the purpose of, "Urging Congress To Take Emergency Actions To Save the Economy and the Auto Industry." Londrigan was interviewed for EIR on May 25 by Mary Jane Freeman, on his views of how to deal with the political and economic crisis in Kentucky and nationally.*

**EIR:** In the last 48 hours, the Fitch rating agency has downgraded General Motors to junk bond status, making the crisis more urgent, in which over recent weeks, Standard & Poor's, Moody's, and other agencies have done this to GM, Ford, and their suppliers. The speculator markets are going wild, of course, but the critical issue is, what will happen to our auto and industrial capacity? In your state, Rep. Perry Clark introduced a resolution on what kind of action to take. What is the importance of that move, and what has to be done with that resolution before the legislature's return next January, with the situation getting worse week by week?

**Londrigan:** I think the main thing to do is to start informing folks about the resolution and working with the elected representatives to try and get more sponsors on it, and I think we'll be able to do that.

Two sessions ago, for instance, we had an anti-NAFTA resolution that went to the Kentucky House, and it was voted up 90 to 0. So, the feeling out here, and throughout the state, from the big cities to the little towns, is that we are losing jobs and our base of manufacturing is being eroded, and that something needs to be done about it. This anti-NAFTA resolution was a real indicator of people's dissatisfaction with our trade deals, such as NAFTA, FTAA, CAFTA, and the whole realm of those agreements. It showed that there was bipartisan support. Both Democrats and Republicans from all parts of the state signed on.

So this type of resolution as Perry Clark has introduced is quite similar in terms of the focus of it, which is to try to do something about the declining and diminishing number of manufacturing jobs in the state as well as in the country.

**EIR:** Does the Clark resolution call on your Congressional

leaders to act?

**Londrigan:** It has several aspects to it, urging different things to happen. It says, "the Congress is urged to intervene on behalf of the national and related interests to ensure that the productive potential of the automobile industry with its featured high-technology and machine tool capability be held together in place and intact."

**EIR:** How does that affect Kentucky?

**Londrigan:** Well, let me just tell you that aside from Detroit, Michigan, and other states known to have a large automobile industry, Kentucky is right up at the top. Primarily, we have Ford Motor Company here. So as Ford is having its debt downgraded, it will impact Kentucky at some point. In fact we have two of the largest automobile manufacturers here in the city of Louisville where they produce the Ford Explorers and that whole line. So we have massive numbers of people who will be affected.

**EIR:** I'm looking at a map of auto assembly plants in the United States. I see that there are five auto assembly plants in the state of Kentucky: two in Georgetown, two in Louisville, and one in Bowling Green. Are those all still open?

**Londrigan:** Yes, they are. We have the Toyota plant, which is obviously not being affected by these downgrades. Last time I looked at Toyota, it had several billion dollars of cash on hand. They are in no way near in any kind of trouble as far as their financing is concerned.

It is the American domestic, so-called domestic, producers that are being the most affected. In Bowling Green is the Corvette plant, where every Corvette that's ever been made is produced. So that is not a plant that produces huge numbers of vehicles, but it produces a certain amount each year for that particular market. But there are thousands of UAW members at that plant. The other two are Ford, which has two plants in Louisville which are very large.

**EIR:** What is the size of the Kentucky workforce in auto?

**Londrigan:** It is up around 10,000 or 15,000 in Louisville alone. Maybe upwards of 20,000. Just recently in Louisville, there is a shutdown going on now. They've closed production for a week or two, for them to clean out their inventories because the vehicles were not being moved fast enough. So they are feeling some of the impact now. This is especially true on the SUV production.

**EIR:** One auto worker we spoke to, who works at one of those Louisville Ford plants, said that it is likely that the plant is going on to a schedule of shifts two weeks on, two weeks off, possibly through the summer.

**Londrigan:** Yes, I think that is the case. Of course, because of some of the high gas prices, that is going to have an impact on those vehicles that use a lot of gas, such as the SUVs, which are produced quite heavily there in Louisville.



*A Kentucky state resolution calls on state legislators to save the productive potential of the auto industry. Here, a Ford truck assembly plant in Dearborn, Mich.*

**EIR:** Given that this downgrading process of Ford and GM over the last two months has gone at a much faster clip than anyone expected, including the financial pundits who were saying, “Oh not until Summer will this kind of thing happen,” is there a mechanism whereby if the financial sharks moved in to shut down and sell off the plants, as people like Kirk Kekorian are threatening to do, could the Kentucky legislature be convened in emergency session?

**Londrigan:** I doubt it. I just wouldn’t see that being motivated, because the Governor would have to call the special session and I don’t think he’d be inclined to do that. He’s a Republican and a conservative and I just don’t see that happening.

**EIR:** What are the infrastructure projects that the state of Kentucky needs?

**Londrigan:** There are parts of the state where our basic infrastructure is still pretty poor, such as water, the basic amenity of water supply—drinking water. There are a lot of places where there needs to be upgrades of water systems.

**EIR:** What is the magnitude of the problem, or how many water systems in the state need repair? How many jobs would that create?

**Londrigan:** I don’t really know, off the top of my head. I’d have to look into that a little further. But there are a lot of rural areas that are under-served and that would be quite a bit. It’s hard to put my finger on how many jobs that would create, or how big a problem that is.

Our highway system here, like other places I’ve visited, is going further and further into disrepair. There seems to be very little action to fix the highways right now, which is the *only* method of transportation in this state.

**EIR:** Is that because there was rail and it is no longer there?

**Londrigan:** There was rail here, but it was very limited. It was mostly into the metropolitan area of Louisville. There was a resurgence of that, or an effort to bring that back into place a couple of years ago, and it came in and fell off again. *There is basically no rail service in Kentucky at all—no rail passenger service.*

Freight service is quite busy in the state. A lot of coal, for instance, is moved through the state and into other states via rail. So we have a big rail system for the transport of goods and commodities.

**EIR:** What about hospitals or schools? And the kinds of other infrastructure that need to be built?

**Londrigan:** Hospitals—like everywhere else, you have your concentration of health care in certain metropolitan areas and such, and a lot less in the rural areas. But generally speaking, I think we are in good shape there. In fact, Louisville is a very big hospital center. We have some of the biggest hospitals, and they’ve done heart transplants there for a long time; it’s pretty well renowned for that kind of stuff.

But of course, you know, again, you look at some of the rural areas, and the health-care issue is pressing, because there is lack of access to hospitals. People are forced to travel. We’ve got what are called the Appalachian regional hospitals in eastern Kentucky. You know, they are spread out quite widely geographically, and unless you are close to a significant sized city—Lexington or Bowling Green or Paducah—you pretty much don’t have great access to health care.

**EIR:** Power plants. What kind do you have in the state? Any nuclear?

**Londrigan:** No, coal. We have coal. And the main utility in Louisville, Louisville Gas and Electric, which is owned by the German conglomerate E.On, is planning a large power plant in Trimble County, Kentucky, a \$2.5 billion facility. A new coal-burning facility. The rest of them—you know, we have power plants all over the state, primarily because of the abundance of coal in the state. So we do have quite a bit of energy production here. A lot of it is now being wheeled and shipped out of the state, because we probably have overcapacity here.

**EIR:** Other infrastructure?

**Londrigan:** Education. Our education system here is kind of sliding backward. There were some major efforts since 1956, to really put a focus on improving the education system. And now, because of budgetary constraints brought on by Federal budgetary constraints, and state budgetary constraints, there's less emphasis on funding education. And there are education increases in tuition throughout the state—I believe it was a 20% increase in Western Kentucky University. I'd have to verify that, but there are several universities that are doing double-digit tuition increases. So that is not a good sign.

**EIR:** If you were in a mode, for retooling auto and related machine tool capacity to convert industry to start meeting infrastructure-building needs—this is the LaRouche approach, and the point of Clark's resolution—what kind of

skills training should be geared up? Do you have a training program?

**Londrigan:** We don't have one directly through our Federation, but our unions do. And you know, the UAW does. And of course, all the building trades have the apprenticeship programs and such. So, you know, we've got a ready supply of workers to do the construction. And there is a pretty well established, and pretty effective group of schools through the Kentucky college and technical system, that sometimes partners with different unions and employers for providing folks to do certain jobs.

We've got lots of machinists in our state, and a great number of millwrights who do a lot of the installation of conveyors and different industrial equipment. So we have the capabilities of doing the work, and doing the training at the same time, when that's called for. And if something changed and we were able to get back into things, and have the economy grow, our folks are ready to do the work.

**EIR:** What is the current unemployment level in your state?

**Londrigan:** It's just in the paper today. It's gone up. It is 5.6% in April, up from 5.3% in March—that's the official statistics. Of course, that gets us into the whole question of discouraged workers, and undercounting, and such. I would say that there is massive undercounting, and there always has been. There are parts of the state where there is well over double-digit unemployment, and there has been long-term structural unemployment in lots of counties.

## Wilbur Ross Cartel Dumps Mineworkers' Health Care

On Oct. 1, 2004, then-bankrupt Horizon Natural Resources, the coal company based in Kentucky, West Virginia, and Illinois, was acquired by corporate scavenger Wilbur Ross's firm, WL Ross & Co. LLC, to form the International Coal Group. A day earlier, U.S. District Court Judge Henry R. Wilmot had lifted a stay on a decision by Horizon Natural Resources to terminate health-care benefits for nearly 5,000 Horizon retired and active miners. This cleared the way for a takeover by Ross, who acquired the principal operations of Horizon, while shedding an estimated \$1.47 billion in predecessor liabilities, especially all of the so-called "legacy" obligations (health-care and other benefits), a practice which Ross had already applied to the bankrupted U.S. steel industry.

At the time of Ross's Horizon takeover, business commentators proclaimed that the acquisition was a move by

Ross to do for coal what he did for steel. Since 2000, Ross had created the International Steel Group by selectively buying up bankrupt iron and steel companies for pennies on the dollar, stripping retirees of health-care benefits, virtually eliminating work rules, passing the cost of pensions on to the Federal government, and, finally in April this year, making a killing by selling off ISG altogether, to Mittal Steel, the British-based wing of the international commodity cartels.

On March 31, 2005, Ross's ICG Inc. announced plans to buy a controlling interest in two West Virginia-based coal companies, Anker Coal Group Inc. and CoalQuest Development LLC. The Ross press release on the acquisitions made reference to forming a company "essentially free of legacy liabilities" (health and pension benefits).

Wilbur Ross himself is an inside part of the Rothschild financial grouping, formerly serving in New York as top official for Rothschild's American operations. Now Kirk Kerkorian is circling over the U.S. auto sector, hoping to do what Ross has done to steel and coal.

—Patricia Salisbury

So your average is a state-wide average, of course, but in some areas of the state, you're looking at double-digit unemployment for a long time—five years at least. So you know, again there are pockets where there is a great deal of unemployment, and then the average is, of course, a significant number in and of itself.

And there's been no change really here; it's been fluctuating by only a tenth of a percent over the last few years here—between 5.3, 5.6, and 5.8%. So there's not been any real progress made.

**EIR:** Are there any “vision” projects on the drawing boards, in any state agencies, or privately? What would we want to do, if we could?

**Londrigan:** [Laughs] They have a lot of visions, but most of them are all cloudy! They've got no way of actually getting the vision accomplished, because of a lack of resources that we're facing now. It's just very difficult to fund the projects at this point, because of the budgetary problems that we've been facing.

In our last legislative session (you can go back to Perry and check with him on some of this stuff), they did a record amount of debt and bonding of projects in the budget. They have almost maxed out, as far as our ability to borrow money. So we're going back into our next legislative session facing an even greater problem than we had last session, because we've maxed out our bonding capabilities, and they're going to have to figure out where they're going to get new revenues from.

**EIR:** If you had your United States Senators in your office right now, what would you ask them to do? We've seen a new core of leadership come together in the last few days . . . and therefore, we have a potential to put together projects. . . .

**Londrigan:** Well, I've got two of them, of course. One of them is Mitch McConnell (R), and the other is Jim Bunning (R), and I would tell them both to jump out the window!

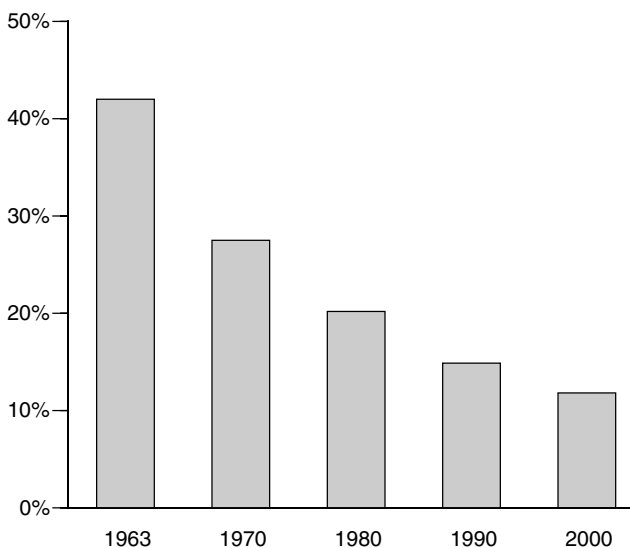
**EIR:** But let's say, you wanted to actually get them to do something, and you are telling them what you want, representing 100,000 people. . . .

**Londrigan:** All right. It's pretty simple: Fix the health-care problem. Do something about corporations that are dumping their pensions into the Pension Benefit Guaranty Corporation. Do something about the massive loss of jobs in this state. Do something about the education problem. Do something about any number of major issues that we're facing, instead of working in lockstep with this Administration, which is doing nothing about any of these issues.

**EIR:** How is the pension issue affecting the members in your state?

**Londrigan:** Of course, some folks in our state work for United Airlines. And they're getting shafted by this whole

## Louisville: Manufacturing Workers as a Percentage of Labor Force



Source: U.S. Department of Labor; *Louisville Courier-Journal*, Dec. 31, 1999.

bankruptcy situation.

We've got an almost equally egregious situation involving a company called Horizon Resources, which is a coal company, which the United Mine Workers have been fighting with. They have gone to bankruptcy, and not only have they jettisoned their pension obligations, but also their promised health-care benefits for retirees and people that work for Horizon.

The bankruptcy judge is giving them the ability to cut off all their health-care benefits. And unlike the pension situation where you have at least a backstop with the Pension Benefit Guaranty Corporation, there is absolutely no backstop whatsoever for these health-care benefits. Those people are out in the cold. And they have no coverage at all.

The mine workers have been very vocal about this, in fact, I've attended several of their protests in Lexington, Kentucky, where the bankruptcy court was holding their hearings. Cecil Roberts, President of the Mineworkers, was arrested, and several others were, during the protest over this whole issue. We had thousands of people coming into Lexington to protest against this. It's just another example of corporations forgetting about, or just negating their responsibilities, or reneging on what they promised.

And then the bankruptcy court, of course, takes the concerns of the bankers and other creditors way ahead of anything that concerns the workers.

**EIR:** The objective here is to make sure that we get the voice

of American leaders in labor, industry, and others, to say to the U.S. Senate, okay, now you have the nuclear option off the table. Let's get back to work. Roll up your sleeves. Here's what we need to get done.

**Londrigan:** Sure. In fact, I heard Senator Harkin say almost exactly what I said. His constituents are asking him what they're going to do about their health care. And what they're

going to do about job security. And what they're going to do about their pensions. And all the issues that are not being dealt with, not only by the Senate, but by this entire Administration.

And of course, the Senators that we have in this state will probably not pay any attention whatsoever to those issues.

## Wisconsin Lawmaker: Use GM, Ford To Rebuild U.S.

*State Representative Christine Sinicki, a Democrat from Milwaukee, issued the following statement on May 25. She represents Assembly District 20 in the Wisconsin State Legislature.*

Our nation's automobile industry is now in a serious crisis. The recent downgrading of the credit rating of the premier automakers, General Motors and Ford, to "junk bond" status puts the question of the future of the auto industry in serious jeopardy.

The issue on the table is not that the automakers and their parts suppliers, such as Delphi and Visteon, are going to be headed into bankruptcy, but what kind of bankruptcy is now the real question facing us. It is particularly important for us here in Wisconsin, and in Milwaukee proper, as we have a significant number of auto plants within our jurisdiction, including the GM Assembly plant in Janesville, and other factories. The future livelihood of our citizens, their families, and our cities is now in the front seat.

We cannot let financial vultures like Kirk Kerkorian, who destroyed TWA Airlines years ago, decide the fate of GM, by cutting up and demolishing the productive elements of this critical institution.

Recently, economist Lyndon LaRouche issued a call for *Emergency Action by the U.S. Senate*, where he calls for urgent steps to save the machine tool capability and production apparatus of the nation's premier industry, the automobile industry. I concur with much of what he says, and wish to quote some of that here:

"The international complex of machine-tool physical production, as typified by the presently troubled General Motors and associated enterprises, is now at the verge of



not only financial bankruptcy, but also, the threatened physical dissolution of the machine tool and other essential physical economic elements of production.

"The role assigned to the U.S. Senate, of providing advice and consent to the Executive Branch is presently, the most appropriate instrument for setting into motion the indispensable steps of remedial action.

"Our constitutional system, of the power of the Executive acting in concert with the Senate and House of Representatives, can create vast masses of long-term credit for the immediate and long-term expansion of our national economy. The outpouring of debt-based long-term credit must be used to create expanded productive employment in basic economic infrastructure, manufacturing, and agriculture.

"We can convert sections of the automobile industry that now lie idle or underutilized to producing the infrastructure apparatus we desperately need. We can use the expertise of the machine tool sections of this industry to retool for a massive increase of domestic infrastructure projects, that have languished all these years.

"This kind of wartime style conversion of sections of the auto industry to infrastructure production, making, for example, rail systems, power systems, building and repairing schools, and other essential elements of our economy, can both save the auto industry and rebuild our cities and the state. We did this during World War II, when the auto industry built planes and tanks to win the war, and we can do this now to solve the massive unravelling of our economy."

I call upon the Federal Government to take the lead in this bold enterprise. I specifically call upon my two senators and members of the Wisconsin Congressional delegation to take the lead in introducing emergency legislation to save the auto industry intact, most emphatically its productive capability.

As for the mostly useless debt accumulated over the years by GM and Ford, that now amounts to nearly \$500 billion, that is a matter for the bankruptcy courts to decide. We must save the manufacturing capability of these companies in their entirety, protect the pensions of the workforce, and their health care, and launch a great industrial recovery to rebuild our state and our nation.

## Congressional Closeup by Carl Osgood

### Appropriations Process Gets Under Way in House

The House passed its first two appropriations bills on May 17 and May 19, and although they both passed by wide margins, the road ahead for the appropriations process is anything but clear. The House passed the Homeland Security appropriations bill on May 17, by a vote of 424 to 1, and the Interior and Environment bill on May 19, by a vote of 329 to 89. In addition, the House Appropriations Committee reported the Energy and Water Development bill and the Military Quality of Life/Veterans Affairs bill on May 18.

The Appropriations Committee, however, funded a number of programs well over the Bush Administration's budget request. The Army Corps of Engineers gets \$4.7 billion, \$414 million more than the request, but still \$293 million less than Fiscal 2005. Veterans' health care gets \$21 billion, which is \$1 billion above the request and \$1.64 billion above Fiscal 2005. In addition, the committee rejected a number of measures the Administration had demanded in its budget. These include the plan for the Power Marketing Administrations to sell hydroelectric power at "market rates," and proposed fee increases for veterans seeking healthcare at Veterans Affairs medical facilities. Rep. David Obey (D-Wisc.) also added, in committee, an amendment to the Homeland Security bill that provides \$100 million to states to help them pay for the costs of implementing the new drivers' license standards included in the just passed REAL ID act.

During debate on the two House-passed bills, Democrats complained that not enough resources had been provided for the programs under the two bills. That lack of resources, however, is not the fault of the Appropriations Committee, Obey pointed out. "This House has decided to make as a

higher priority providing very large tax cuts for the next 10 years, and a huge percentage of those tax cuts has gone to the most blessed persons in this society," he said.

### House De-Nuclearizes 'Bunker Buster' Bomb

On May 18, the House Armed Services Committee passed its version of the Fiscal 2006 defense authorization bill. In doing so, it rewrote the language covering the Robust Nuclear Earth Penetrator bomb, the so-called nuclear bunker buster, effectively changing the purpose of the study that Secretary of Defense Donald Rumsfeld has been demanding. The committee action moves the program from the Department of Energy to the Department of Defense (DoD), and removes from it the word "nuclear."

According to an aide to a senior Democratic member of the committee, the practical effect of doing this is so that "the purpose of the program is no longer to explore the nuclear option." He said that the sled test, which will ram a weapon casing into a concrete wall in order to collect data for an earth-penetrating weapon, will now be meant to inform a conventional test. If the program were to remain in the Energy Department, it could be used only to inform the development of a nuclear weapon. He added that if the DoD were to try to use the results of such a test for a nuclear penetrator, they would have to go back to the Congress to justify it.

Nonetheless, committee Democrats are concerned that the language in the bill is sufficiently vague that the DoD might try to do just that. The test, the Democrats say in their minority report on the bill, "should be conducted in a manner that only informs conven-

tional payloads, and if this is not technically feasible, there should be no further work in designing modified or new nuclear weapon designs based on the sled test data."

### Greater Oversight Of FEMA Urged

A Department of Homeland Security Inspector General (DHS IG) report, released earlier in May, documents how, after four hurricanes hit Florida in six weeks last year, the Federal Emergency Management Agency spent \$31 million in Miami-Dade County even though damage in the county was minimal. DHS IG Richard Skinner testified to the Senate Homeland Security and Governmental Affairs Committee, on May 18, that FEMA awarded funds for damage to homes and automobiles without doing proper damage assessments. As a result of FEMA's improper inclusion of Miami-Dade County in the disaster area, residents not actually eligible for damage assistance were able to apply. Skinner noted the lack of internal controls in the FEMA program which "increase the potential for fraud, waste, and abuse."

FEMA's problems in Florida prompted Sen. Bill Nelson (D-Fla.) to introduce legislation that would tighten the rules by which FEMA awards disaster assistance. It would require preliminary damage assessments before any assistance can be paid out, tighten the rules so FEMA inspectors can better identify losses of household items, tighten penalties for fraud, and strengthen background checks for FEMA employees. Nelson also called on Congress to do a better job of oversight. "Congress needs now to act in order to regain the public trust by ensuring that taxpayer money appropriated is spent wisely," he said.

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## Editorial

### *Get Congress To Rebuild the Country!*

The defeat of Dick Cheney's attempted coup d'état on May 23 didn't come a moment too soon. The General Motors/Ford crisis has ratcheted into a new phase, posing the demand that the U.S. Senate immediately take up Lyndon LaRouche's proposal for strategic bankruptcy reorganization, to save the core of the nation's productive industry, notably its vital machine-tool capability. Now that the Senate has been saved as an institution, it has to be pushed, and supported, and educated, to do its job. That means that citizens too have to be mobilized to understand what is at stake, and to back LaRouche's call.

We have now entered a new manifold of the auto-sector collapse. The second downgrading of GM's credit to junk bond status—first by Standard and Poor's Rating Service on May 5, then by Fitch Ratings Company on May 24—has activated a provision that all mutual funds and pension funds, which by law cannot hold below-investment-grade bonds, must now sell them. This has triggered another wave of selling of GM bonds and other paper, causing tremors in the world's \$400 trillion derivatives market, and pushing the bonds of the world's largest automaker to below the level of most Third World nations. Over the recent period, GM bonds have lost \$60 billion in value, and the announcement of May sales at the end of the month is expected to bring new shocks.

But this is not the final insult. It has emerged that the top officers of GM, collaborating with Wall Street firms, are working on a plan to hive off General Motors Acceptance Company—GM's money-making financial arm—to a group of financier sharks, who would gorge themselves on GMAC's most profitable components: its real estate, insurance, and non-auto financial business. GM would retain the automotive production operations, which it would carve up, shutting down priceless machine-tool capacity and firing skilled workers by the thousands. Then the GM carcass would be dumped into bankruptcy court. In a replay of the Enron looting operation, GM would be picked clean, before being disposed of in bankruptcy. This is the kind of criminal operation for which some people should go to jail.

The vultures are also circling Visteon, a parts sup-

plier spin-off from Ford, which forced through a wage freeze and benefit cuts on its workers at the end of May, as the first phase of a distress sale/austerity program. Rumors are circulating hot and heavy in Ohio that bankruptcy preparations are being made by Visteon, Delphi, and GM itself.

On the financial side, the chain-reaction repercussion from the Standard and Poor's downgrading of GM's and Ford's debt to junk-bond status was pronounced. Not only did the value of GM and Ford bonds tumble, but derivatives issued upon these bonds, which were incorporated into derivatives contracts called Collateralized Debt Obligations (CDOs), also tumbled. Simultaneously, hedge funds that had bought these CDOs, using large volumes of leverage, now faced a fast track to insolvency. One mid-sized hedge fund, the London-based Bailey Coates, with \$500 million under management, shut down its American operations, and fired staff in London, imploding in public view. The May 22 *Los Angeles Times* depicted the upheaval in an article that concluded, "The possibility of a derivatives meltdown induced by hedge fund failures no longer seems as farfetched as it might have seemed a few months ago."

What can be done? Back in February, Lyndon LaRouche warned of the attempt to dismantle GM. To counter this, he proposed on April 13, in an Emergency Action memorandum to the Senate, that it take urgent measures to save the auto sector. LaRouche invoked the precedent of President Franklin D. Roosevelt, who dealt with the economic and financial collapse in the interest of the General Welfare. The Senate today must intervene to ensure the retooling of the advanced machine-tool capacity of GM, Ford, Delphi, Visteon, and others in the auto sector, redeploying their skilled labor force to produce a diversified array of capital goods, especially for rebuilding infrastructure. This would start with overhauling the nation's dilapidated rail grid with modern high-speed and maglev. Without such forceful national action, LaRouche warned, the take-down of the auto sector would occur not over years, as predicted by "analysts," but within months and weeks.

This is the subject that a newly invigorated Senate has to place at the top of its agenda.