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Ape or Man? The Great Secret of Economics
The Development of American Machine Tools
SCO Summit Puts Eurasian Land-Bridge on the Table

The Fight for the Future Of the Democratic Party



EIR

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From the Associate Editor

‘The Great Secret of Economics’—now there’s something you’d expect people to give anything to learn! But surveying developments in the global financial markets and the physical economy, as well as on Capitol Hill, it is apparent that the “great secret” has not been mastered—not at all. Lyndon LaRouche’s *Feature* addresses itself to remedying that situation. The secret lies, he writes, in the fundamental question: Are you a man or an ape? “The fundamental distinction is the unique correspondence between the anti-reductionist notion of *creation* (*nothing is ontologically constant but change*) and the functionally absolute distinction of the human individual from all lower forms of life. This is, otherwise, *the great secret of economics*.”

“Huh? But what does that have to do with my money?” a reader may ask. It doesn’t; and that’s why you need to study this article, which sums up LaRouche’s breakthroughs of the past 50 years.

Our other leading story is the phase-shift in the Democratic Party in Texas, sparked by the delightful campaign for party chair by Lakesha Rogers of the LaRouche Youth Movement. This is not just “good news” for supporters of the LYM; it points to the way in which the Democratic Party on the national level can be returned to the legacy of Franklin D. Roosevelt and the New Deal, ditching the Baby Boomer ideology of consumerism, globalization, and disregard for the general welfare. Such a strategic shift will have momentous implications for the future of our nation.

Elsewhere in the magazine, we show the devastating import of the near-universal ignorance of “the great secret of economics,” starting with the resistance in Congress to LaRouche’s “retool the auto industry” legislation, and the discovery that financier Felix Rohatyn has been chipping away at the United Auto Workers, to get that union to accept the shutdown of the industry. See also Rachel Douglas’s chilling report of how the machine-tool sector in post-Soviet Russia was demolished, almost overnight. And counterpose to both of these, Pam Lowry’s historical review of the creation of America’s machine-tool industry, starting in the first post-Revolutionary years, and continuing through Franklin Roosevelt’s Presidency.

Susan Welsh

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Movement leader
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campaigning for
Texas State
Democratic Party
Chair.*



EIRNS/Dennis Daulton

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APE OR MAN?

The Great Secret Of Economics

by Lyndon H. LaRouche, Jr.

June 4, 2006

*Some years back, during one among my relatively frequent visits to Florence, I chanced to be seated on the hillside looking down, across the River Arno, into the streets of Florence. I was startled by the realization that I was seated, at least approximately, where Boccaccio had been seated in his account of the writing of his famous **Decameron**. It was clear to me, thus, that the stories told, were reflections on the moral decadence rampant in that Lombard League which had collapsed into a dark-age condition as a result of that ruling partnership of Venetian financier oligarchy with Norman chivalry which had collapsed the population of Europe by about one-third, and the number of European parishes by approximately one-half.*

*Boccaccio's **Decameron**, like Chaucer's **Canterbury Tales**, like the **Pantagruel and Gargantua** of François Rabelais, and the **Don Quixote** of Miguel Cervantes, and Dante Alighieri's **Commedia** before them, typifies the way in which great tragedians have sometimes treated the subject of the most horrible catastrophes which man's foolish policies have inflicted upon decadent cultures lacking essential features of the moral fitness to survive. When mankind is confronted with the outcome of a great folly of his society in such degrees, as in the U.S.A. and western and central Europe today, it is the poet alone who can use the power of irony to enable the mind to cope with the task of recognizing the great folly of his age, such as the great global tragedy which threatens the continued existence of civilization for the several coming generations now immediately before us all.*

All those who would understand the onrushing menace which confronts the world as a whole, immediately, today, must muster from within themselves the same spirit which we might recall from the work of Aeschylus, Socrates, and Plato, who, similarly, faced the onrushing actuality of the self-destruction of the leading culture of their times. Without mustering the same sense of Classical irony, which is more easily recognized in Dante, Boccaccio, Rabelais, and Shakespeare, it were



When mankind is confronted with folly of the sort we see around us today, LaRouche writes, "it is the poet alone who can use the power of irony to enable the mind to cope with the task of recognizing the great folly of his age, such as the great global tragedy which threatens the continued existence of civilization for the several coming generations now immediately before us all." Here, François Rabelais' hero Pantagruel "tests his wit against Parisian scholars," in an engraving by Gustave Doré.

impossible, emotionally, to see clearly the folly of our times, today.

In such times as these recent months, a show of respect for current popular and official opinion, is the mark of the dangerous fool, especially among fools occupying high places. Without science, laughter, and ridicule of pompous fools in high places—such as the frankly insane Don Quixote (aka Philip II) and the oafish Sancho Panza—there were little hope of rescuing civilization in such times as ours, today.

The other side of such humor, is the passion expressed as creative insight. It is ridicule of the foolish reigning habits of thought of one's time, which is the only hope for rescue of civilization from the onset of such catastrophes. The passion for that remedy is irony presented as ridicule of fools and their

opinions; the compassion of such irony is creative insight into the principles which must be applied to produce a remedy for threatened doom of a culture, as I do in this report. The spark from which the most necessary acts of valid creative thinking are energized, is perception of the fact that that which is generally accepted in popular or learned beliefs of ones time, is, usually, intrinsically absurd.

So, since no later than March of this year, the present world monetary-financial system has been gripped by an on-rushing plunge into a form of crisis which is qualitatively worse than any crisis such as that of the 1928-1933 interval, a crisis much similar, on principle, to what Boccaccio saw, looking across the Arno, into the plague on the streets of Florence. Unless certain types of radical, and sudden

changes are introduced soon, the entire present monetary system will disintegrate in a way roughly comparable to the developments of Europe's Fourteenth-Century "New Dark Age."

So, the threat to civilization posed by the presently onrushing, global breakdown-crisis of the U.S. and world economies, requires fresh attention to the deeper implications, and urgency of the principles of a physical science of economy. This is the science of economy first established by Gottfried Leibniz, which was also a principled source of the founding of the relevant, constitutional principles of the American System of political-economy of U.S. Treasury Secretary Alexander Hamilton et al.

Notably, this American System, based on Leibniz's approach to physical economy, is the only significant alternative, today, to the presently disintegrating, intrinsically imperialistic, Anglo-Dutch Liberal system, the system traced from that neo-Venetian, Eighteenth-Century British East India Company's Haileybury School which was also the premise for the economic doctrines of Karl Marx.

The present crisis demands discontinuing that Sophistry of Anglo-Dutch Liberalism, the philosophical liberalism which is expressed in physical science and economics, still today, by both the British imperial Haileybury School and its notable Marxist offspring. The science of physical economy, as brought up to current date by my own original contributions to its refinement, is the relevant replacement, as in the tradition of President Franklin Roosevelt, for the doomed doctrines which have guided the world into the presently onrushing economic catastrophe.

The leading obstacle to accomplishing the urgent tasks of economic reform needed now, is a lack of comprehension of the most essential notions of science itself, lacking even among what might pass for the well-educated strata of society, even some leading scientists. The cause of this current decadence is less a lack of professional education as such, than the substitution of sophistry for science in the teaching of mathematics, as in the widespread substitution, especially since the education of the "1968ers," of contemporary, radically reductionist statistical methods for the Classical pre-Sophist, pre-Euclidean methods of experimental physical science.

Preface: Science vs. Sophistry

All around me, my generation is dying out rapidly, and with its passing, go most among the best minds of physical science from the earlier experience of my adult lifetime. So, we have lost most representatives of that generation of thinkers whose achievements are typified by my associates of the Fusion Energy Foundation (FEF) of the 1970s and 1980s.

Competent approaches to science, such as the dynamics of the ancient Pythagoreans and Plato, best express those char-

acteristics of human behavior which distinguish the human species absolutely from the characteristic activity of all lower forms of life. Competent economics, like competent physical science generally, depends upon that unique distinction of our species. Both economics and physical science generally, must be viewed and practiced from that standpoint; in competent practice of either, the two, properly practiced, are interdependent, and therefore inseparable.

On this account, the most typical expression of cultural decadence in what is currently globally extended modern European culture, is the notion of a categorical separation of competence in physical science from art and politics as if these were two different cultures. Without irony expressed in a Classical form, there can be no scientific creativity; without the impulse also expressed as scientific creativity, poetry were reduced to the quality of doggerel, and drama to a sophist's farce.

Nothing demonstrates this correspondence of Classical irony in art and science more efficiently than the study of that applied science of physical economy, as developed by Gottfried Leibniz, which underlies U.S. Treasury Secretary Alexander Hamilton's anti-Liberal American System of political-economy. The issue so posed is not academic; it is the most crucial issue of politics, world-wide, in today's presently onrushing global, economic breakdown-crisis.

To illustrate the nature of this problem in science, consider the following case.

Among the ranks of FEF during those years, the typical representative of the generation of that quality of achievers among the practitioners of science was Professor Robert Moon, Chicago University's celebrated student of that Professor William Draper Harkins, a Harkins who, notably, ranked with, but above Rutherford as a leading physical chemist of the world of his time.

In 1987, the FEF was shut down through a politically motivated operation which a Federal Court later ruled to have been a fraudulent bankrupting of that scientific association by the U.S. Department of Justice then associated with Massachusetts' William Weld. Professor Moon died in late 1989. So, coincidentally, near the close of the 1980s, the later generation, the so-called "Baby Boomer" generation, born during, approximately 1945-1957, began to occupy the positions which had been held by the generation which had dominated the scientific leadership of FEF.

The consequent decade's saddening developments in Europe and the Americas, are typified by the way in which the closing four, post-President Kennedy decades of the Twentieth Century's modern science had been brought, thus, to our hope that the present, virtual collapse of our economy is only temporary.

Those cited developments of 1987-1989, typified the onset of what became today's crisis of both physical science and culture generally. However, as I shall show in the following pages, these developments also typify the most crucial issue



Lyndon LaRouche (center) with scientists at the founding meeting of Fusion Energy Foundation in 1974. The FEF was forcibly shut down in 1987 through a fraudulent bankruptcy operation run by the U.S. Department of Justice. The organization typified the competence of a generation of scientists, mostly now deceased, who have been replaced in leadership positions by Baby Boomers.

FEF

of economics, world-wide, today. That matter of economics, as it must be treated from the standpoint of physical science, not the prevalent, but intrinsically incompetent notions of monetary theory, is the preeminently relevant focus of this present report.

The currently onrushing, dismal change for the worse, came, near the beginning of the 1990s, as typified by both the demise of FEF and the entry of Federal Reserve Chairman Alan Greenspan. The coincidence of those developments, has crucial importance, even global strategic importance, for addressing the leading practical problems of physical science, as also Classical artistry today.

Throughout the known history of European civilization since the times of Thales, Solon, and the Pythagoreans, there has been a recurring emergence of periods in the life of sundry European cultures, during which societies have been self-destructed through the induced influence of what is defined by Classical historians and their like, as *Sophistry*. Over the millennia, this pattern has been repeatedly echoed as the role-model set by the Delphic Apollo cult's infusion of Sophistry into the youth of leading families of Athens, led into Pericles' role in leading Athens into the fascist-like wave of self-destruction known as the Peloponnesian War.

It is the reign of Sophistry in the U.S.A., increasingly, since the death of President Franklin Roosevelt, which should be the principal concern of all competent leading figures in the U.S.A. and Europe today.

That use of what must be recognized again today, as, strictly, systemic Sophistry, has been a recurring epidemic/pandemic affliction in the history of globally extended European civilization ever since the dismal role of Pericles of Athens. The influence of that modern European system of

Liberal philosophy maintained by such followers of Venice's Paolo Sarpi as Galileo Galilei, Sir Francis Bacon, Thomas Hobbes, René Descartes, and as the empiricism of the Anglo-Dutch imperial monetary-financier system generally, is typical of this recurring pattern of cultural epidemics and pandemics spread by the influence of Sophistry today. The typical problems of doctrines of art and physical science today, are only the most recent manifestation of this form of moral and intellectual decadence.

The problems of Sophistry, as typified by the existentialist, post-1945, so-called Congress for Cultural Freedom and American Family Foundation,¹ are the most crucial factors to be overcome for the sake of now continuing the development of a new generation of young-adult scientists and Classical artists. This is the ongoing mission which must succeed if civilization is to conquer the evils of the present decade of world economic crisis. This report's focus is on the innermost kernel, the underlying principle of that economic challenge.

This is not only a matter of science as such. I repeat myself for emphasis: the world, the U.S.A. and Europe most notably,

1. Better named by the functionally descriptive title of "The American Families' Foundation": as the political arm of the set of Anglo-American, trans-Atlantic oligarchy of wealthy U.S. families in the tradition of the London-directed, treasonous American Tories of the Yankee opium-traffickers and Southern slave-holders. Twentieth-Century ideologues in service of that tradition have been typified by Professor Sidney Hook, John Train, the followers of the fascist Chicago School of John Dewey, Robert M. Hutchins, Professor Leo Strauss, et al., and the existentialists Theodor Adorno, Hannah Arendt, Nazi ideologue Martin Heidegger, and Jean-Paul Sartre. Trans-Atlantic expressions of the same circles include the followers of Sir Francis Bacon, Thomas Hobbes, John Locke, Jeremy Bentham, John Stuart Mill, Thomas Huxley, H.G. Wells, the Satanist Aleister Crowley, Bertrand Russell, and Crowley followers Julian and Aldous Huxley.



EIRNS/Philip Ulanowsky

The late Dr. Robert Moon, a founder of the Fusion Energy Foundation and celebrated and ebullient creative thinker, teaches a class on electromagnetism at a Schiller Institute children's camp in Northern Virginia during the 1980s.

is gripped by an onrushing crisis, caused by the campaign of Sophistry launched by such post-1945 institutions as the Congress for Cultural Freedom and its kindred. Without introducing the corrective antidote to that current global rash of Sophistry today, civilization as a whole, like our present U.S.A., were already wobbling at the brink of a plunge into a prolonged, global new dark age.

On this account, as Aeschylus had warned us in his time, as in his Prometheus trilogy, all Sophistry, as traced since the time of the appearance of Homer's *Iliad* and *Odyssey*, especially as described by Plato, is the root of all notable cases of degeneration of once-able European cultures. The degeneration is expressed chiefly in the refusal to accept the notion of all mortal men and women as specifically endowed with the quality of power to discover, to know directly, and to employ universal physical principles, as this principle of discovery is illustrated by Johannes Kepler's discovery of the need for a truly infinitesimal calculus, through his proof of a universal principle of gravitation.

Meanwhile, it has been the Olympian Zeus and his Apollo which have continued to typify the most significant force of evil within globally extended European civilization, through to the present day. The criminality of that Delphic Apollo and his admirers, is the denial of the essential, unique difference, a difference expressed as the Pythagorean-Platonic notion of *dynamis*, between man and beast: the same distinction of man from beast recognized by *Genesis* 1, but not recognized by the ancient Sophists or modern empiricists generally. It is the suppression of the fostering and expression of those creative powers of the individual in that fashion, which is the great evil

characteristic of all financial-oligarchical and related powers, such as the financier interests which promote the form of imperialism called "globalization" today.

All decent law and morality, in what is properly termed the global heritage of European civilization, is premised upon a rigorous definition, and proof of that principled distinction, *dynamis*, which the Pythagoreans and Plato made between man and beast. The proper definition of science and its mission today, is expressed as that notion of *dynamis*, or, as Leibniz defined it, the role of *dynamics*, in opposition to the reductionist abominations typified by Cartesian and Newtonian *mechanics*.

Our subject here, is the need to defeat the malicious effect of attempting to maintain the imposition of that denial of the absolute difference between man and beast, a denial widely imposed upon the current economic practice of physical science itself.

Kepler, Riemann, and Einstein

The content of the book containing the Albert Einstein-Max Born correspondence, which I had acquired at the time of its first publication, typifies the issue which is cruelly underscored by the deaths of both the Fusion Energy Foundation (FEF) and the Professor Moon who exemplified its best representatives.²

Einstein who, toward the close of his career, traced his

2. *The Born-Einstein Letters 1916-1955: Friendship, Politics, and Physics in Uncertain Times* (New York: St. Martins Press, 2005). See also. See Bruce Director, "Einstein-Born Dispute," *EIR*, Dec. 23, 2005.

foundations in modern science, in retrospect, to the work of Johannes Kepler and Bernhard Riemann,³ reflected, thus, the principles of experimental science associated with the Classical Greek tradition of *Sphaerics*, the scientific method associated with Thales, Heracleitus, the Pythagoreans, Socrates, and Plato, as also Kepler and Riemann. This ancient heritage was refreshed during and following the Fifteenth-Century Renaissance, as this development is associated with the revival of that method as modern science, with the work of Cardinal Nicholas of Cusa. It is Cusa, and those of his self-proclaimed, actual followers in this field who must be chiefly credited with the founding, development, and, thus, the principal achievements of modern European science.⁴ All competent treatment of the principled issues of scientific method, and also Classical artistic composition, are traced, thus, from Thales and the Pythagoreans, through Leibniz, Gauss, and Riemann, from this Classical Greek root.

The widespread, repeated corruption of ancient and modern science was rooted, typically, in the revision of actual ancient Greek science by the axiomatically reductionist methods of the *Sophist* Euclid. This influence is reflected in modern European culture, as represented by the followers of the founder of modern European empiricism, Venice's Paolo Sarpi.

Max Born, who had once been knowledgeable in the method of scientific work associated with Albert Einstein's accomplishments, had broken with what, at the beginning of the Twentieth Century, had still been the leading standard of modern scientific work, the standard typified by Max Planck. Long before the time of the referenced correspondence, Born had gone over to the positivist camp of the radical Ernst Mach and Mach's Planck-hating followers, and to the most evil and persistent science-hoaxster of the Twentieth Century, Bertrand Russell.

The passing of the generation born during the 1920s has thus slaughtered, before my eyes, what had been typical of the best among the legions of science of my time. The successor generation has nearly succeeded, since, in murdering the spirit of science itself. The two developments, the ruin of contemporary scientific teaching, and the presently onrushing, global economic crisis, are not merely comparable; they are inseparable. It was the introduction of a *Sophistry* borrowed from the time of the Peloponnesian War, as the standard of design

for that post-war Congress for Cultural Freedom which is typified by the followers of Britain's evil trio of Aleister Crowley, H.G. Wells, and Bertrand Russell, which has laid the basis for the intellectual ruin of our present times, in the enculturalization of the post-war generation of the Americas and western and central Europe.

This contemporary incarnation of Sophistry, typified by the common evil of Margaret Mead, Theodor Adorno, Hannah Arendt, Nazi Martin Heidegger, Sidney Hook, John Train's *Paris Review*, and the *Sophist's* cult known as the American Family Foundation, produced the anti-science, anti-"blue-collar" fanaticism of that upper twenty percentile of the Baby Boomer generation known as "the 68ers."⁵ It is that which has made possible the self-inflicted ruin of our republic under the reign of the generation holding top-most positions in society today.

If civilization were to avoid a presently threatened plunge into a prolonged, planetary "New Dark Age," we must now rebuild. To that end, some of us are now rebuilding what must become the future of science, and of economy. This effort is currently premised on the model experience of the LaRouche Youth Movement (LYM), inside the Americas, western Europe, and, hopefully, beyond.

This process of rebuilding is necessary if the world is to escape successfully from what is presently onrushing as a general breakdown-crisis of the world's present monetary-financial systems. Success would be impossible, unless we were supported in this effort to rescue reason from the Purgatory in which so many among the world's influential Baby Boomers are currently represented.

Syphilis and gonorrhea have been models of popular diseases, or, better said, diseases associated with popular practices. Disease, such as the presently onrushing collapse of the present world economy, is often the consequence of the filth within which we, or the current rulers of society, consent, or desire to rule over and ruin us.

1. Man Versus Ape and Engels

The prevalent fallacies polluting nearly all contemporary, fashionable opinions and teachings on the subjects of science, art, politics, religion, and philosophy in all its aspects, are derived from a single body of presently commonplace modern Sophistry. The resulting degree of ignorance of both actual history and science now prevalent among even university-educated professionals, is shocking, even by the standards of the generation born before World War II.

In contrast, there has been a generally shrinking knowledge of that actual history of globally extended European

3. Compare Einstein's expressed view with the view of Riemann expressed by V.I. Vernadsky. See my "Vernadsky and Dirichlet's Principle," *EIR*, June 3, 2005. This is the converging tendency of the best among the generation which Einstein and Vernadsky shared.

4. The first of the notable attacks on Cusa's scientific method by modern Sophists appeared in Johann Wenck's *De Ignota Litteratura* (circa 1443); however, the systematic opposition to Cusa's work in science was from the marriage counsellor of England's Henry VIII, Venice's leading spy-master of that time, Francesco Zorzi. Zorzi was echoed by Venice's Paolo Sarpi, the founder of empiricism, whose legacy is the principal root of the corruption in the modern science classroom since Sarpi's personal lackey Galileo Galilei.

5. The French term, *bourgeois bohèmes* (Bo-bo's), is more appropriate in its connotations than "Baby Boomer" for pointing to the relevant specific stratum of the 68er generation.

civilization since the time of Solon of Athens' Greece; this is so among even university graduates generally. This has been the general trend in our culture since the assassination of President William McKinley in favor of such Presidents as Theodore Roosevelt and also Woodrow Wilson, Calvin Coolidge, and Herbert Hoover. This increasing ignorance of the actual history of European civilization, was accelerated later by the influences of such agencies as the post-Franklin Roosevelt Congress for Cultural Freedom and, in Europe, through the scheme for eradication of Classical education by the 1963 report on education by the OECD's hoaxster and neo-Malthusian ideologue Dr. Alexander King; as by Peyrefitte in France, and in the repeal of the Humboldt reforms by the Brandt government in Germany.

In fact, the characteristic of successful forms of globally extended European culture since the ancient Ionians such as Thales of Miletus, and since the Pythagoreans and Plato, had been the notion that all ideas concerning universal principles must be derived, by efficient proof of principle, from the Egyptian method of viewing the nighttime sky, the method called *Sphaerics*. The notion of an experimentally demonstrated universal principle without preceding assumptions of "self-evident" definitions, axioms, or postulates, has been, for European civilization since, the underlying characteristic of all competent scientific progress, and also of Classical artistic composition in plastic and non-plastic arts, since that time to the present day.

The related problems are best reconsidered from the standpoint of a science of physical economy, as Leibniz defined that as a branch of physical science. It is the effect of what we might call physical scientific progress on the ability of society to survive and progress physically, which is the most appropriate way of understanding science as a whole, from the standpoint of the effects which knowledge or lack of knowledge of physical scientific principles has upon the ability of society to prosper, even, in the extreme, to survive. Whoever lacks this comprehension of science and society, will tend to bungle his way in both fields.

In other words, the essential subject of physical science, is the nature of man, as this distinction of man from ape is expressed, contrary to both Thomas Huxley and Frederick Engels, by the effects of scientific knowledge, or its lack, upon the ability of society to prosper, even to continue to exist.

Today, on that account, on account of that relationship between science and society understood by Leibniz, all competent modern approaches to physical science, including the science of physical economy, are summed up, implicitly, by the work of Bernhard Riemann in summarizing the nature of an experimental physical science premised on the notion of an *anti-Euclidean* physical geometry. The historical process within globally extended European civilization, from ancient Classical Greece to today, can be understood competently only from that point of view. All competent understanding of science, art, and history since those ancient origins, is based,

with at least significant attempts at approximation, on that advantageous view of European development and internal conflicts since ancient Greece presented this, in its role as successor to ancient Egypt, as best stated in Plato's *Timaeus* dialogue.

On this account, in the field of political-economy, there are many teachings on particular details of economic practice which are pragmatically tolerable, and even important, on the condition that belief in those matters is treated as rule-of-thumb knowledge, and is not mistaken for actual scientific practice. However, respecting an actually scientific notion of issues of economy, as the notion of science can not be competently separated from the notion of demonstrably universal physical principles, virtually all generally accepted doctrines, as received from around today's world, are, from the standpoint of competent science, axiomatically absurd in principle, and are, presently, largely, rooted in Sophistry, as Sophistry was diagnosed, systemically, by Plato.

Of course, that is not to suggest that contemporary physical science has been categorically absurd. As we saw with the practice viewed by the Fusion Energy Foundation during the 1970s and 1980s, physical science was still realizing potentially great gains for mankind. The chief problem internal to the teaching and practice of science today, was, and remains, that the Babylonian-like dogmas of the peer-review committees controlling the blackboards of mathematical "proof," remain systemically corrupt, and, thus, represent the virtual enemy of the intention of what was otherwise competently defined experimental science.

Nothing better illustrates the folly of that corruption of science by the modern forms of Sophistry, than the study of currently widespread dogmas and practices of what is called "economics," especially the credulity expressed by the popularized misconception of statistical methods associated with the causes for the August-October 1998 U.S. financial-monetary crisis. To prove that point, it is sufficient to view the matter from the vantage-point of economics viewed, itself, as a subject of experimental physical science.

Euclid's Relevant Hoax

To introduce that crucial point of this report as dramatically as the need for clarity requires, the most important flaw within Marxist doctrine, was the axiomatically pathological view of human nature shared between Britain's Thomas Huxley and his countryman Frederick Engels.

The typically Anglo-Dutch Liberal mode of academic defense of Huxley's and Engels' coincident, reductionist, Lockean, Kantian, or kindred views in this matter, is the acceptance of Huxley's thesis as typical of the British mid-Nineteenth-Century form of the empiricist dogma launched by Venice's Paolo Sarpi and Sarpi's personal lackey and hoaxster Galileo Galilei. All that is despicable, or otherwise objectionable in the doctrines of Huxley and Engels, was already intrinsic to the methods of Venice's Francesco Zorzi and the empiricism

of such followers of Sarpi as Sir Francis Bacon, Galileo's student Thomas Hobbes, John Locke, René Descartes, Isaac Newton, and D'Alembert, de Moivre, Leonhard Euler, J.L. Lagrange, Laplace, and Augustin Cauchy. That morally and intellectually defective, reductionist view, as shared between Huxley and Engels, is the systemic basis of argument today for the popular nonsense-views on the subjects of so-called "information theory." This is the pathetic basis for the "materialist" notions, the nonsense-doctrines that life itself and the higher powers of human mental life, can be adduced implicitly from a perfectly reductionist, symbolic interpretation of inorganic chemistry, or, even worse, from mere counting arithmetic.

On this account, Russia's V.I. Vernadsky's presentation of the concepts of Biosphere and Noösphere, is one of the most crucial contributions to scientific method during the sweep of the Twentieth Century.

These considerations, just stated, are the foundation for those changes in taught and practiced economic policy which must now supplant what have been recently generally accepted, wrongfully, as principles of economics practice.

I explain, as follows. We proceed, first, by attention to the need to uproot the legacy of Euclid, if a competent insight into real economy is to be secured.

Euclid's *The Elements* is broadly traced to its origin as located about a half-century after the death of Plato. Virtually nothing of positive relevance to the competent forms of science being emphasized in this report, is encountered in the thirteen sections of that work which had not been both copied, and viciously reified by Euclid from discoveries made during or prior to the work of Plato. Euclid's treatment of those earlier discoveries is exemplary Sophistry. Euclid proceeds, either explicitly, or implicitly, from what are taught to the credulous in schools as "definitions, axioms, and postulates:" as Riemann emphasized, already, in his 1854 habilitation dissertation, Euclidean method is based upon purely arbitrary ontological presumptions adopted, as by the ancient Sophist Zeno, without considering any obligation to supply crucial experimental proof of the existence of such merely fancied intellectual objects. Actually, as Bernhard Riemann has shown most clearly, each and all those assumptions of Euclid and his devotees are experimentally false from the standpoint of a competent body of practice of physical science.

In contrast to Euclid, the competent strains of ancient Greek science were premised on a method absolutely contrary to Euclid's elementary and arbitrary assumptions of symbolic belief. Such is the characteristic issue posed by all thorough attempted applications of methods of Sophistry to physical science and related subject-matter, both then and now.

The competent method, on which the theorems plagiarized by Euclid had been premised, was called *Sphaerics*. Implicitly, looking back from today, *Sphaerics*, which the Classical Greeks traced to Egyptian origins, was a purely *physical-geometric* quality of relevant predecessor for what

modern mathematical physics defines as the complex (*physical*) domain of Leibniz, Gauss, Riemann, et al.

The systematic, modern understanding of the achievements of the pre-Aristotelean Greeks, including Plato, is traced chiefly to: the discoveries of Johannes Kepler (universal gravitation); Pierre de Fermat (pathway of quickest time); Gottfried Leibniz (the Keplerian infinitesimal calculus and principle of universal physical least action); plus numerous discoveries by Carl F. Gauss (e.g., contributions to the notion of elliptical functions); Lejeune Dirichlet (e.g., "Dirichlet's Principle"); Niels H. Abel (elliptical functions); Wilhelm Weber in electromagnetism; and, Bernhard Riemann's eradication of the last residue of Euclidean geometry from science. As Albert Einstein came to emphasize, it is the work of Kepler and Riemann which best represents modern science's knowledge of the ordering of the universe. Vernadsky's work defining the Biosphere and Noösphere, implicitly echoes the argument made independently by Einstein for the case of Kepler and Riemann.

Any competent treatment of the subject of economics must be premised on the method associated with the modern realization of those ancient Classical (Platonic) Greek foundations of physical science generally.

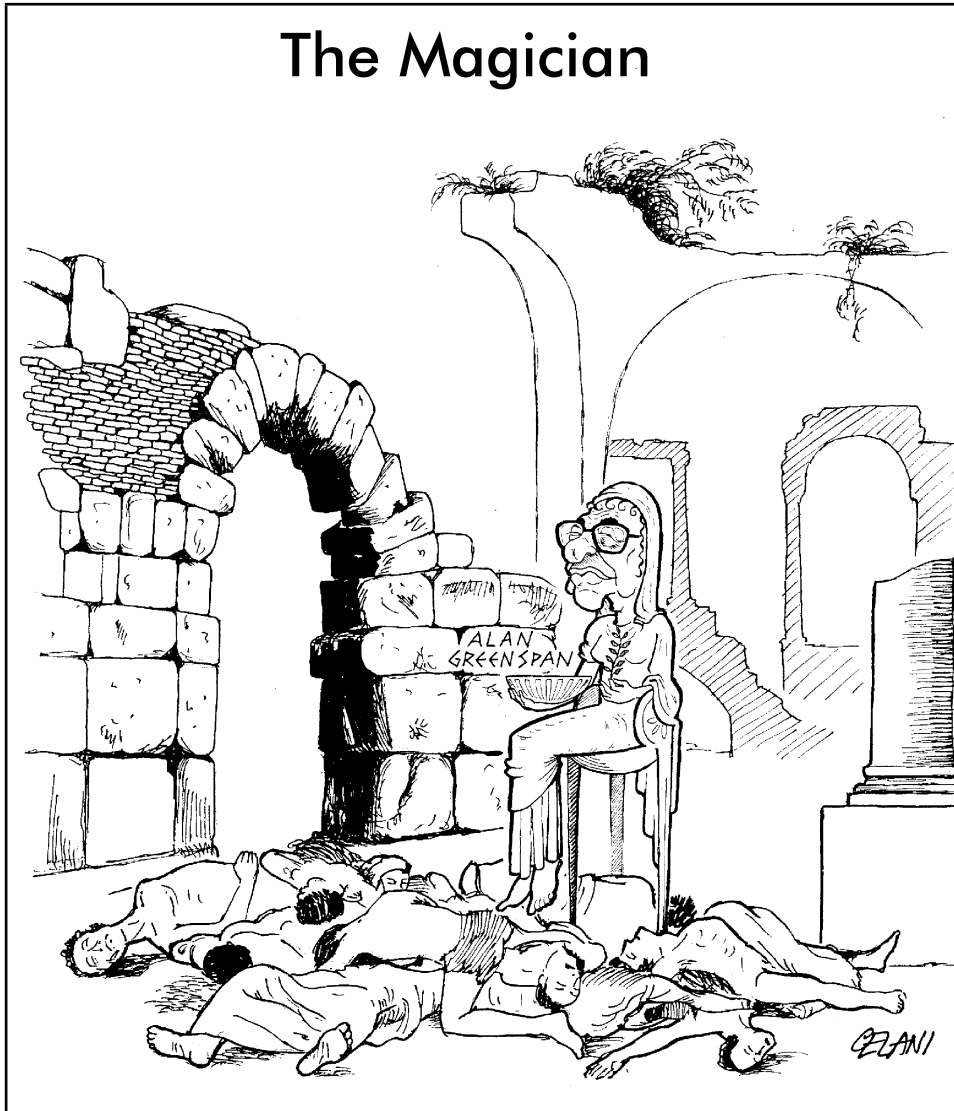
Anti-Euclidean Science

So, the origin of the method of the successful, valid currents in modern European physical science, is traceable to the method of *Sphaerics* as employed by the Pythagoreans. No crabbed arithmetic constructions are required; all depends upon the experimental discovery of the efficiently present existence of some universal physical principle, as Kepler's discovery of universal gravitation clearly illustrates the foundations of all competent forms of modern physical science. So, Kepler's specifications, as based on his empirical discoveries in astrophysics, provided the basis for a specifically infinitesimal calculus, as developed uniquely by Leibniz, and also the notion of physical-elliptical functions.⁶ So, the work of Riemann, on the subject of Abelian functions and hypergeometry, carried this approach to a certain degree of relative mathematical-physics perfection.

All competent contemporary forms of employment of a competent science of physical economy depend upon these considerations. A science of economy is premised upon, and subsumed by the discovery and realization of what are defined

6. The notion that Isaac Newton ever even understood the meaning of a calculus is pure hoax. The blundering follies in representation of the calculus by such self-styled Cartesian and Newtonian apologists for Newton, D'Alembert, de Moivre, Euler, Lagrange, Laplace, Cauchy, et al., illustrate that point already made by Carl F. Gauss in his 1799 doctoral dissertation and, conclusively, by Riemann, beginning with Riemann's 1854 habilitation dissertation. My own correct insight into the fallacious ontological characteristic of the issue of Euclid's sophistry, was, fortunately, my own, well-founded, categorical rejection of Euclidean assumptions in geometry and ordinary teaching of the calculus from early adolescence on.

The Magician



EIRNS/Claudio Celani

Ignorant people view Alan Greenspan as the Delphic Oracle who repeatedly “saved” the global financial system from certain ruin. In fact, like the Delphic Apollo cult before him, he plunged it deeper into crisis, as his successor at the Federal Reserve is now learning.

experimentally as universal physical principles. These principles are clustered in a form of process which Leibniz recognized as *dynamic* (following the Classical Greek *dynamis*), rather than mechanistic. Among the relevant Classical Greeks, these principles were already classed in the same principled way as the work of V.I. Vernadsky distinguishes the principle of non-living chemistry from both the Biosphere and Noösphere, respectively.

In competent economics, which is to say a practiced science of physical economy as such, it is the realization, in practice, of applied increments of qualities definable as universal physical principles, which supplies the margin of “anti-entropy” on which net gains in productivity are to be defined.

In other words, the output of human activity, per capita and per square kilometer of the planet’s surface, is increased, such that output exceeds input, creating what is truly a physical margin of profitability, as absolutely distinct, *ontologically*, from a monetary gain. Monetary gains do sometimes correspond to a physical (anti-entropic) gain; but, in the world economy of the 1971-2006 interval to date, the apparent gain, as expressed in monetary-financial terms, has actually been a net physical loss, a purely entropic effect on the world-system as a whole.

Thus, the attempt to measure economic growth in financial-accounting terms, has been essentially fraudulent when assessed globally during the recent three decades of the planet’s existence. This fact is shown clearly by the physical collapse of the economies of Europe and the Americas during those recent decades.

The science of physical economy itself has nothing to do with mere money as such, although the physical value of that which is priced in terms of money as such, is, for obvious reasons, ultimately reflected as subjected to the ontologically distinct actuality of a science of physical economy.

For example:

The present global monetary system was established, successively, by the U.S. Nixon Administration’s declaration of mid-August 1971, and the Azores monetary conference of 1972. This created a so-called “floating exchange-rate system,” replacing the fixed-exchange-rate system of the original Bretton Woods system. This action was coupled with a radical shift in U.S. policy, away from the previous decades’ emphasis on increased physical output per capita and per square kilometer, toward what became known as a “post-industrial” utopianism. The result of that change in international monetary policy was to turn the world economy into a gigantic “Ponzi scheme,” which devolved into the extremes of sheer lunacy under the 1987-2006 reign of Federal Reserve Chair-

man Alan Greenspan's implicitly hyperinflationary use of so-called "financial derivatives." The "Ponzi scheme" known as Enron, was no isolated case, but only an example of the kind of pollution which has pervaded the entire world system, increasingly, since the aftermath of October 1987.

A sane form of economy is premised on various means of price regulation, including taxation, regulation of trade, and so forth, which are designed to prevent the destruction of long-term productive capital investments in basic economic infrastructure, agriculture, industry, and the general welfare of the population as a whole. The eye of regulatory policy is focussed on medium- to long-term, dynamic equilibrium among all of the essential physical-economic components of a modern form of economy. The price becomes, thus, a reflection of the relative values of elements of a performing physical economy, rather than some infantile sort of "Robinson Crusoe" model.⁷

Moses on 'Man or Beast'?

The key is the ontologically absolute difference between the nature of the human being and of all of the beasts. This difference is expressed, absolutely, by the ability of the individual intellect of the human being to discover empirically validatable universal physical principles. That is the key to all of the human realities of what are classed, fair or foul, under the heading of economic processes. It is the discovery and realization of those discoveries of universal physical principle, which determine the actual relative value of products.

This distinction of the human species is most readily typified in modern European science, by the fact that no animal can discover and intentionally apply a genuine universal physical principle. It is necessary to repeat: *All competent study of the underlying, principled standards of estimate of performance of a modern economy depends primarily on the application of this notion of universal physical principle, rather than on ideas of a system of monetary exchange in purchase and sale of products as such.* It is the deviations of monetary valuations from the relative values determined by the dynamics of physical economy, which define the margins associated with both cyclical forms of economic depressions and general breakdown crises.

It must be emphasized, that the so-called "free trade" sys-

tem associated with Anglo-Dutch Liberalism, is a relic of the system of medieval ultramontane imperialism, the system of empire associated with the use of the crusading, raping, and butchering Norman chivalry by the reigning financier oligarchy of Venice. Modern Anglo-Dutch Liberalism and its economic systems are explicitly an outgrowth of gnostic cult-doctrines codified by Paolo Sarpi and his followers of an Seventeenth and Eighteenth centuries Europe coming under the imperial rule of the British East India Company and its successors today.

As true gnostics, the doctrinaires of Liberalism, such as John Locke, Bernard Mandeville, François Quesnay, A.R.J. Turgot, Adam Smith, Jeremy Bentham, et al., conjecture the existence of a potency, an agency operating beyond knowledge, from under the floorboards of reality. To these curious, invisible creatures of that gnostic cult, these croupiers working under the floorboards of reality, fix the dice of riches and poverty, to make some men rich and others desperate. The spectacle of the John Law bubble, or that of 1998 LCTM, typifies the outcome.

Consider, for example, the absurdity of any attempt to impose the notions of animal ecology on studies of economy. The contemporary cult of "ecology" is an example of the pseudo-scientific methods associated with the present international diplomatic dogma on the subject of so-called "greenhouse gases." As I have always known and taught over more than a half-century, *the relative population-density of the human species, per square kilometer of the relevant large area of the Earth's surface*, is the only competent standard of reference for studying the long-term processes within economies. Only mankind, among all presently known species of living beings within our universe, has been capable of willfully increasing its relative potential *population-density per square kilometer of the planet's surface.* *My essential contribution to the science of physical economy, has been to recognize that the functions so defined for practice, are not only dynamic, as Leibniz insisted, but also characteristically Riemannian.*⁸

That has been the pivotal distinction of a science of physical economy since Gottfried Leibniz first defined the meaning of physical economy.

The increase of the potential relative population-density of a society as a whole, or the human species as a whole, is a function of the discovery and application of universal physical principles to the transformation of the behavior of society. These principles, and their realization in human social practice, are the central feature of any competent treatment of the

7. This is Leibniz's use of *dynamics* in exposing the fraud of attempts to introduce the mechanistic methods of Cartesianism into physical science, *dynamics* as derived from the *dynamis* of the Pythagoreans and Plato. Competent science proceeds, as Kepler did for astronomy, in discovering the ontological actuality of an efficient universal physical principle as such; whereas, mechanistic methods seek to reduce matters of experimental work to mathematical, e.g., linear-statistical methods. For Kepler, for example, the action of gravitation, as located within the infinitesimal change expressed experimentally, as in the Mars-Earth-Sun relationship, by the physical-elliptical function, is an ontologically existing object, a universal object: a *monad*. The mechanistic method seeks to degrade the existence of the ontological actuality to a mere mathematical description as at the blackboard, not crucial-experimental tests of the ontologically existing efficient principle.

8. My tracing of the achievements of modern physical science to the impact of Johannes Kepler's discovery of modern astrophysics, was received as a highly controversial view among most of the scientists of FEF during the middle through late 1980s. It turned out, in the course of those discussions, that the issue was not an issue of experimental physical science, but of the conditions for acceptance of a valid physical discovery imposed, as at the blackboard—not the experimental domain, by the virtual Babylonian priesthood of the peer-review committees.

functional characteristics of a modern economy.

Hence, the only rational and competent basis for the study of economics, and for the shaping of economic policy, is not a modern system of financial accounting traced from the Lombard bankers of Fourteenth-Century medieval Europe, but a science of physical economy. The most significant addition, by physical science generally, to the enhancement of the understanding of physical-economic practices, has been the development of the notions of Biosphere and Noösphere by V.I. Vernadsky.

That much said, now startle the usual reader by introducing a most celebrated passage from the King James Version of *Genesis* 1.

Reputedly, it is the Prophet Moses who wrote:

“26: And God said, Let us make man in our image, after our likeness: and let them have dominion over the fish of the sea, and over the fowl of the air, and over the cattle, and over all the earth, and over every creeping thing that creepeth upon the earth.

“27: So God created man in his own image, in the image of God created he him; male and female created he them.

“28: And God blessed them, and God said unto them, Be fruitful, and multiply, and replenish the earth, and subdue it: and have dominion over the fish of the sea and the fowl of the air, and over every living thing that moveth on the Earth. . . .”

From the standpoint of physical science, all that is said in those verses is true. Or, to say it in other words: that is, functionally, the actual place of man and woman in the universe. Knowing the threats which the Prophet Moses delivered to the relevant Pharaoh, and that he survived the delivery of those threats, we must recognize that Moses was an extremely powerful figure in Egypt of that time, and was probably also informed by the relevant institutions of the contemporary Cyrenaica. His view of the universe, as attributed to his connection to that first chapter of *Genesis*, fits the real universe as it might have been conceived by extant science of Egypt then, and by Vernadsky in his own later years. The language and imagery of the King James Version appears quaint to modern ears, but, from the vantage-point of such notions as the generation of the Solar System, and its known periodic table, from a solitary, fast-spinning younger Sun, the chapter as a whole rings as a fanciful description of what we know to be true from the standpoint of modern physical science.

For the case of Vernadsky: the categorical, functional division, according to distinctions of dynamic orderings of processes, corresponds to the actually known series of Creation. That idea of *Creation* as such corresponds to the view which Albert Einstein came to adopt, of a *finite but unbounded universe*, or, as I stipulate, a *Riemannian finite and self-bounded universe* as seen, as a process, by Heraclitus of Ephesus, for example, and by Plato’s method. Within this, we have the principled distinction of the respectively ontologically distinct categories of ostensibly abiotic, living, and cognitive

processes, as indicated by Vernadsky.

The most crucial experimental discoveries in modern European civilization have been essentially three: 1.) The uniquely original discovery of astrophysics by Johannes Kepler; 2.) The discovery of the principled pathway of quickest action by Fermat; and, 3) the uniquely original discovery of an actual infinitesimal calculus, satisfying Kepler’s specifications, by Leibniz. (The credit given to silly Isaac Newton is simply a product of gnostic gibberings among the novices.)

However, in the matter of all such considerations, the fundamental distinction is the unique correspondence between the anti-reductionist notion of *creation* (*nothing is ontologically constant but change*) and the functionally absolute distinction of the human individual from all lower forms of life. This is, otherwise, *the great secret of economics*.

2. The Secret Itself

The science of physical economy is defined, as a body of scientific practice, by its absolute break from the inherently axiomatic, implicitly ontological presumptions of financial accounting.

This means, of course, bringing to an end the present role of that relic of feudalism called “monetarism” in global affairs, and compelling the subordination of monetary policies governing relations among nations to those principles of physical economy which underlay the direction of reforms inherent in the U.S. Federal Constitution, as reflected in the reforms undertaken under U.S. President Franklin D. Roosevelt. It means understanding competent forms of economic policy, by governments and others, as an expression of relevant principles of physical science.

If this correction were not made, very soon, the planet as a whole is threatened with an early plunge into a prolonged new dark age of civilization. Members of the U.S. Congress, for example, have no “free choice” in this matter. They may choose either to act as required by principles involved, or, refusing to change their ways, enjoy the ruin their reluctance would bring upon themselves—as also others. It is the same for the individual citizen, and for all others who have the option of choosing the policy our nation and its political factions shall follow.

To these ends, our argument at this point must proceed from a relevant kind of correction needed for the more rigorous use than currently prevalent, of the term “science” in a general way. It means locating the needed policy changes in international economic relations in those considerations which absolutely distinguish human beings from all lower forms of life. This means that we must confine apes to the category of what are systemically lower forms of life.

This approach, as employed here, takes its authority from the conclusive evidence of the largely fraudulent basis in wrongful axiomatic assumptions, for much of that which is

dutifully recited as the supposed axiomatic basis of scientific methods by past and current generations of reductionists. Therefore, we must now eliminate philosophical reductionism, such that the edifices of the slums of today's presumably hallowed dogma collapse, all as if in a vast slum-clearance program. Reductionism is not a mere mistake; it is a willful fraud, a program of politically motivated "mass brainwashing," as by the followers of ancient Euclid and modern Sarpi, whose nature and motives I shall make clear below, that the source of the corruption to be uprooted now, is the oligarchical policy which Aeschylus identifies in his *Prometheus Bound*.

The only meaningful connotation of any use of the term science, points to the specific quality of change in the way in which a physical process is ordered, a change in terms of a discovery of a wittingly employed, universal principle, a qualitative change which occurs only through the intervention of the applied discovery and validation of a universal physical principle. Kepler's uniquely original discovery of universal gravitation typifies such a notion of universal scientific principle. This requirement exists, not only for what is regarded today as topics of physical science, but also for Classical artistic composition, such as the performance of a composition by J.S. Bach or by such followers of Bach as Haydn, Mozart, Beethoven, Schubert, Mendelssohn, Schumann, and Brahms, as it does for what may be conventionally defined as the realm of physical science.

In both domains, physical science and Classical artistic composition, the essence of the subject-matter is an apparent break in the continuity of what might be read as a formal-mathematical, deductive function, a break of the form conveniently identified as a *singularity*.⁹ In European civilization to date, the rigorous definition of such singularities is associated with the Classical, pre-Aristotelean Greek use and development of the Egyptian science of *Sphaerics*, a scientific method associated with the principles of astrogation derived from inclusion of transoceanic navigation occurring during the last great glaciation of the northern Hemisphere of this planet. The work of India's Bal Gangadhar Tilak on the study of ancient calendars not only dates the existence of relevant such calendars found, variously in post-Glacial and Glacial period cultures of Central and North Asia, but indicates some of these calendars as characteristic of transoceanic cultures.¹⁰

9. For example, the implications of the Pythagorean principle of music for the well-tempering introduced by J.S. Bach, are the crucial implications of Bach's system, as illustrated by his *The Art of the Fugue* and by Beethoven's treatment of this in his last set of string quartets. As the attempts at credible performances of Bach's *Jesu, meine Freude* and W.A. Mozart's *Ave Verum Corpus* demonstrate in attempted practice, the tempering needed to supply coherence to the process of development is a reflection of the adjustments of the voices required for coherence. Wilhelm Furtwängler's "performing between the notes," is a reference to this principle of Bach's revolution, in opposition to the extreme follies of Rameau and Fux.

10. Tilak, *Orion* (1893) and *Arctic Home in the Vedas* (1903). Contrary to dubious archeological concoctions by Nineteenth-Century British evangeli-

For the purpose of the topics of this report, the most convenient illustration of the argument is provided by the model of Johannes Kepler's uniquely original discovery of universal gravitation. All science, and Classical artistic composition, are expressions of the role of such singularities (e.g., apparent functional-ontological discontinuities) as expressions of the only existent, *ontological* quality of principles which run our universe.

In this case, as in all others, the essential task is to free the mind from the mind-crippling obsession of equating a universal principle to a mathematical equation, rather than recognizing the significance of the equation correctly, in its role as an attempted approximation of the adumbrated form as an apparent particular *effect* of the action by a universal physical principle.

This fact, respecting the nature of competent practice of science, is proven by considering the *dynamic*, as opposed to mechanistic role of interaction among discovered universal physical principles, as Leibniz proved this point, against the mechanistic folly of Descartes, for inorganic science, and as Vernadsky has presented this respecting the role of chemistry in the Biosphere. This conception was already the basis for the scientific method of the Pythagoreans, as they and Plato traced the origin of that method, *Sphaerics*, to ancient Egyptian sources for the origins of European science.

The Method in Kepler's Discovery

For example, the Sophist's approach to explaining Kepler's discovery of universal gravitation, admits Kepler's proof that the relationships among the Solar orbits of Earth and Mars define a system of elliptical orbits. Then, the Sophist seeks to derive the argument for gravitation from the simple, ideal ellipse treated as a simple Euclidean cut of the cone. The Sophist may concede the existence of Kepler's reference to *equal-times: equal areas*, but denies the ontological implications of that fact amid the simple, Euclidean view of the merely formalist mathematics of conical cross-sections, that without taking efficient physical principles into account. He thus treats gravitation implicitly as a function of the ellipse, rather than the elliptical orbit as an adumbrated function of a physical principle of universal gravitation.

"What is the physical principle of change of action which generates the rate of infinitesimal change from instant to instant of the Solar orbits?" This issue was the premise on which Kepler based two missions he identified for treatment

cal gnostics, the origins of leading known riparian cultures are located in pre-riparian transoceanic cultures, as is the case for the known origins of the riparian cultures of both Mesopotamia and the Nile. The Great Pyramids express the astrophysical and transoceanic roots of the Egyptian astronomy and related science which underlie the adoption of Sphaerics by Thales, the Pythagoreans, Plato, and others. Contrary to British gnostic myths, ancient Egypt commanded a maritime culture using flotillas of ships, as is emphasized in connection with the later work of the Platonic Academy's Eratosthenes in measuring the circumference of the Earth.

by later mathematicians. Here lies the precedent for Kepler's call for the development of a calculus, for Leibniz's original statement of his discovery of the calculus (Paris, 1676), and Leibniz's later perfection of this discovery as the notion of a universal, catenary-cued principle of physical least action. First, Kepler prescribed the development of an explicitly *infinitesimal* calculus, a task mastered, with unique originality, by Gottfried Leibniz.¹¹ Second, he prescribed the need for a generalization of the principles of *physical-elliptical* functions, a challenge met by Carl F. Gauss and Bernhard Riemann, and contemporaries associated with their efforts on this account.

This question, as posed by Kepler, reflects his explicit adoption of the scientific method of Cardinal Nicholas of Cusa, the method from which all competent streams of modern scientific thought have been derived. This case serves us here as the typical illustration of the meaning of the discovery and employment of a universal physical principle.

Consider the Leibniz calculus first.

There were numerous contributing efforts underlying Leibniz's development of an infinitesimal calculus as expressing a universal physical principle of least action. However, the essential premises of this accomplishment were three. One precedent was the ancient method of Sphaerics, as traced by Leibniz himself to the Pythagoreans and Plato, as by his introduction of the concept of dynamics to replace the physically incompetent notion of mechanics.¹² The other two, were the work of Kepler as combined with Fermat's discovery of the principle of quickest pathway. In all of these efforts, the idea of the *ontologically infinitesimal*—Leibniz's *monad*—was crucial.

Glance for a moment at the issue posed by such followers of Descartes and Newton as D'Alembert, de Moivre, Euler, Lagrange, and, later, Laplace and Cauchy. All of these avowed Leibniz-haters premised their reputations on the rage-driven belief that an ontologically infinitesimal differential did not actually exist. They could not deny the formal mathematical evidence of their deductive enterprises, but they did insist that the existence of such mental objects as the relevant cubic or biquadratic roots was essentially "imaginary,"

11. No honest and competent scientist would ever actually believe the proposal that Isaac Newton had either developed a differential calculus before Leibniz, or that Newton's concoction was an actual calculus of the type which Leibniz had originated according to the prescription of Kepler. What the competent scientist believes when he lies, as it were the cock had crowed thrice, when he she defends Newton on this matter, is that it would be damaging to that scientist's career to admit openly that the claims of Newton are not only fraudulent, but ridiculously so. It was the attempt to defend both Descartes and the reputation of British black-magic specialist Newton, which led the prostitutes of empiricism, such as D'Alembert, de Moivre, Euler, Lagrange, Laplace, and Cauchy, to defend the reputation of their putative client, Isaac Newton, as if to say, "Do I please you, honey?"

12. Leibniz made notable attempts to reintroduce the method of the Platonic dialogue as a replacement for, or complement for the teaching of mathematical physics.

merely a convenient fiction of the mathematician's mind. This was the kernel of the hate-filled rant of Leonhard Euler and other reductionists of that type of follower of Venice's Abbé Antonio Conti against Leibniz. Such was the fallacy of those Leibniz-hating empiricists who were refuted by Carl F. Gauss, beginning with his 1799 doctoral dissertation, and later exposed most emphatically as hoaxsters on this account by Bernhard Riemann.

Formally, these attacks on Leibniz were instigated by the just-referenced, Paris-based Venetian priest Abbé Antonio Conti, who had adopted the role of advocate for the neo-Euclidean, reductionist ideology of René Descartes, who concocted and largely directed the crafting of the synthetic personality of Sir Isaac Newton as what Conti foresaw as the English version of French Cartesianism. The English Sophist Samuel Clarke was among the notable collaborators in the handling of the poor, confused Newton for an operation which prefigured the Martinist freemasonic hoaxes of Paris which Benjamin Franklin participated in exposing as frauds. Conti continued this activity into his death in 1749, and was, together with Voltaire, the leading organizer of a network of rabidly reductionist anti-Leibniz salons throughout much of Europe, include the Berlin base of Leonhard Euler and J. Lagrange, and those of their Paris followers Laplace and the hoaxster Cauchy, who led in the wrecking of the École Polytechnique of Gaspard Monge and Lazare Carnot, and thus forced the shift of the global center of scientific progress from what had once been Jean-Baptiste Colbert's Paris, to Alexander von Humboldt's Berlin.

Masters and Slaves of Science

The key to understanding the roots of the frauds of the type perpetrated by the Cartesians and Newtonians, such as D'Alembert, Euler, Lagrange, Laplace, Cauchy, et al., is conveniently presented in Aeschylus' *Prometheus Bound*. The alleged "crime" against the Olympian Zeus for which Prometheus was condemned to the "Abu Ghraib" of that account, was Prometheus' act of providing mortal human beings with knowledge of the use of fire. Prometheus had thus violated the dogma of "zero technological growth," had violated that dionysian cult-dogma on which the contemporary "greenie's" characteristic pagan religious fanaticism is premised.

In effect, thus, the Olympian Zeus and his accomplices condemned the greater portion of mankind to a life lived as cattle, as slaves of either the body, or, slaves of the conditioned delusion, such as empiricism, infesting their mind.

Similarly, in the doctrines of ancient and modern gnostic theology, mankind is prohibited from looking beyond the shadows of sense-perception to discover the efficient principles which cast those shadows. However, with the Fifteenth-Century emergence of the modern nation-state, as typified by the work of Cardinal Nicholas of Cusa, a certain change was introduced into the way in which the ban against discovery of universal physical principles was enforced. The crucial

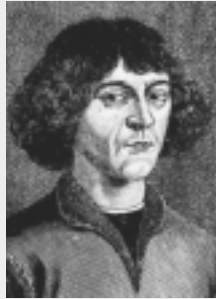
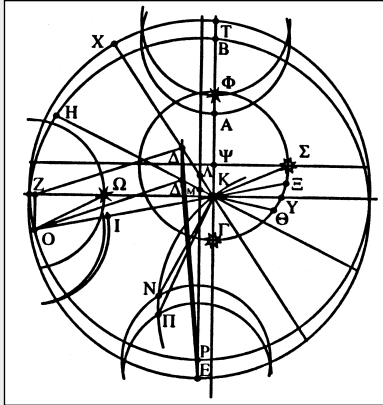
The Keplerian Revolution

In pathological mathematical methods, such as those used by the followers of Ptolemy, Copernicus, and Tycho Brahe, physical processes are merely described by the method of connecting observed points (“dots”) in ways which presume that all observed processes can be explained mathematically, as if at the blackboard. The diagrams shown here are from Kepler’s New Astronomy.



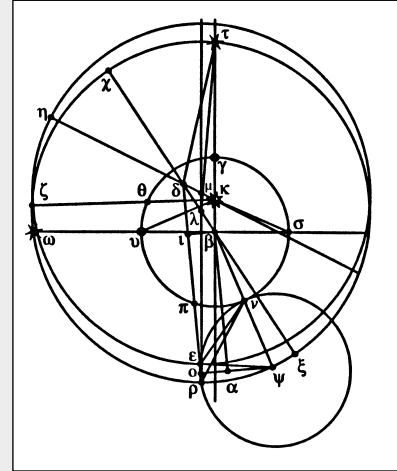
Claudius Ptolemy
(2nd Century A.D.)

The diagram is Kepler’s representation of Ptolemy’s geocentric worldview. The Earth is at point K; the Greek letters show the paths of the apparent motion of the Sun and other heavenly bodies, travelling around in epicycles. These were purely geometrical constructs, required to “save the appearances”—or permit prediction of astronomical phenomena. Ptolemy made no claim to describe the physical reality which would make such bizarre movements possible.



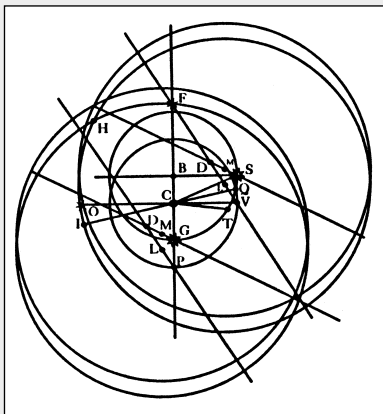
Nicolaus Copernicus
(1473-1543)

His model of the cosmos moved the Sun to the center (at K), but still required a plethora of epicycles in order to “save the appearances,” because it was not based upon understanding of the physical causes of the motion of the heavenly bodies.



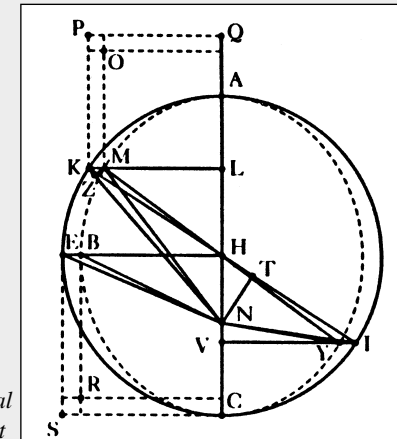
Tycho Brahe
(1546-1601)

Tycho’s construct was an attempt at a compromise between the Ptolemaic and Copernican models. The stationary Earth is at C. The Sun (S) revolves around the Earth, as do the “outer” planets (Mars, Jupiter, Saturn); the “inner” planets (Mercury, Venus) revolve around the Sun.



Johannes Kepler
(1571-1630)

For Kepler, the trajectory of action is determined by universal physical principles, not by “connecting the dots.” This diagram is one of many in the New Astronomy, by which he charts his discovery of the elliptical orbits and the principle of universal gravitation.



change introduced to modern European oligarchical dogma is traced chiefly to the new Venetian faction of Paolo Sarpi.

Sarpi’s “new Venice” faction had accepted the uncom-

fortable reality, that the emergence of modern European society, through the work of Nicholas of Cusa and his circles, could not be totally reversed in the way the gnostic religious

reactionaries of that time, such as Grand Inquisitor Tomás de Torquemada, proposed. Sarpi defined a new Venetian policy, under which Europe would adapt to controlling, and also employing some among the effects of technological progress, rather than attempting to crush science absolutely. The reaction of the Inquisition to the role of Sarpi's house-lackey, the modern Sophist Galileo's fraudulent promotion of Copernicus, but in opposition to Kepler, on the matter of the Solar orbit, typifies the quarrel between the old reactionaries, as typified by the Hitler-like torturers of Inquisitional Spain, and the new Sophists of Sarpi's empiricism.

Like evil Olympian Zeus and the Delphi cult of the Pythian Apollo, Anglo-Dutch Liberalism was only a new costuming of the old Inquisition. Why waste effort destroying the victim's body, as the Inquisition had attempted, when it were easier, and more efficient, simply to destroy the primary "offending organ" within the body, the creative powers of the individual mind?

Sarpi's followers, including Galileo, had their own version of an inquisition, replete with religious inquisitions to match: the empiricist inquisition of Galileo's pupil Thomas Hobbes, and such followers as John Locke, Descartes, Newton, and the anti-Leibniz cabal of D'Alembert, Euler, Lagrange, Laplace, Cauchy, et al.

Essentially, the distinction stipulated by the "new Zeus," Paolo Sarpi, was the following.

Technological progress would be permitted, lest the nations led by followers of the Renaissance legacy of Nicholas of Cusa, France's Louis XI, and England's Henry VII, might overpower the Venetian faction echoing the ultramontane tradition of Venetian financier-oligarchs and Crusading Norman chivalry. There was nothing good about Sarpi, relative to the Old Party of Venice; Sarpi and his New Party were only more clever; less brutally stupid.

It was Sarpi who pioneered in moving the center of gravity of the Venetian financier-oligarchical power, from the now increasingly vulnerable head of the Adriatic, into the emerging financier oligarchy of the Anglo-Dutch maritime north. Despite the great victory of Cardinal Mazarin and his associate Jean-Baptiste Colbert over that evil of the Spanish and

Austrian Habsburg dynasty expressed as the Thirty Years War of 1618-1648, the combination of the corruption of pagan "Sun King" Louis XIV and William of Orange's bloody tyranny in England and Ireland, turned the tide in favor of the New Venice party of Sarpi's system, in that form of moral debasement which became known as the Anglo-Dutch Liberal imperialism which is still the principally leading force of Venice-style evil rampant on our planet today. Sarpi himself had been a leading figure personally, in orchestrating the corruption of England, not only since the accession of a James I surrounded by Sarpi-run scoundrels such as Sir Francis Bacon, but as early as 1588 and the assassination of William Shakespeare's friend Christopher Marlowe.

Where the Habsburgs had used the Satanic practices of their Inquisition, Sarpi's New Party relied upon a new kind of intellectual corruption, the form of Sophistry called philosophical Liberalism.

In one crucial respect, the change from Old to New Venice was virtually no change in principle, but only in strategy. The chief enemy remained Cardinal Nicholas of Cusa and his legacy. It was modern experimental scientific method, as pioneered by Cusa's *De Docta Ignorantia*, which was the continuing target for destruction chosen by both Venetian factions, Old and New alike. That remains policy today, this time, chiefly, in the form of base moral corruption known as Anglo-Dutch Liberalism. Like evil Olympian Zeus and the Delphi cult of the Pythian Apollo, Anglo-Dutch Liberalism was only a new costuming of the old Inquisition. Why waste effort destroying the victim's body, as the Inquisition had attempted, when it were easier, and more efficient, simply to destroy the primary "offending organ" within the body, the creative powers of the individual mind?

That is the great crime which Anglo-Dutch Liberalism has perpetrated against the world as a whole, a crime launched with fresh vigor as soon as the dreaded enemy, President Franklin Roosevelt, were dead.

Since the adult generation of World War II had been reared under the influences radiating from Classical European culture of Christianity, the Fifteenth-Century Renaissance, and the rise of the modern nation-state cultures in the aftermath of the 1648 Treaty of Westphalia, the Liberal enemies of civilization targetted the newborn generation, especially those newborns from families whose progeny were likely to be trained at leading universities, and to go on to roles of leading policy-shaping influence in the most influential classes of institutions of private life and government alike. These became the victims known today as the "68ers," the children of that pro-Satanic cult known as the Congress for Cultural Freedom and its adjunct, the American Family Foundation.

Empiricism is a particular species of fraud. It pretends to tolerate nothing different than the authority of sense-perception, but nonetheless assumes that something akin to little green men under the floorboards of experience, is willfully

controlling the outcome of the actions, or inactions of the individual, nation, and institution. Since empiricists are not merely Sophists in principle, but also, as the hoaxsters Thomas Hobbes, John Locke, Bernard Mandeville, François Quesnay, Turgot, Adam Smith, Jeremy Bentham, et al. typify such cases, empiricists are gnostics in the strictest sense of the term, attributing special powers to agencies beyond the reach of human senses and reason alike. They represent the Sophistry of Euclid's "definitions, axioms, and postulates" carried to an extreme.

Thus, the influence of the quality of philosophical Liberalism traced to the influence of Sarpi's "new party," requires the assistance of a special kind of inquisitorial Babylonian priesthood, called in the canons of academic life today, "peer-review committees"—so-called "canons of science" which also serve as the precedent for poor foolish President George W. Bush, Jr.'s lunatic "signing statements."

Thus, although a mathematical formulation supplied as part of a program in practice of physical science may be useful, within the limits of ordinary applications of scientific prudence, the mathematical or like formulation must not be considered as a substitute for the principle which that formulation pretends to reflect. The characteristic of the relatively orderly practice of empiricism in science, is the ontological fallacy of substituting the descriptive mathematical formulation for the ontological actuality of the universal physical principle of which the mathematics is, as the Apostle Paul warns in his *I Corinthians* 13, only the shadow cast as if upon a dark mirror.

The significance of what had been known as this well known problem of the intrinsic fallacy of composition underlying all empiricist method, was made clear by the work of Riemann, who eliminated all aprioristic presumptions, such as Euclidean definitions, axioms, and postulates, from credible scientific practice. This standpoint enables us today, to make the relevant case more clearly, more directly than heretofore.

What Is Actually Universal?

It is now past time to escape from poor foolish faker Zeno's quasi Euclidean space! We dwell in a real physical universe, which Albert Einstein described as a "finite but unbounded universe." The proper statement would have been "finite and self-bounded universe."

This idea was already extant in the work of the Pythagoreans and Plato. The idea appears with greater clarity in Kepler's discovery of universal gravitation.

How big is gravity? How far does it reach? Implicitly, gravity as its nature was crucially demonstrated by Kepler, is as big as the universe. To the extent that notion of gravity might be qualified as reflecting a higher-order principle yet to be discovered, gravity would be considered as as big as the universe. Thus, we would propose that the universe, while very large for us, is nonetheless finite, and about the same

size as gravity. We would also say, that gravity bounds the universe as finite and self-bounded.

Some wags might object to this, as sophists generally are wont to do, but the core of the point is fully defensible, and any contrary notion would be essentially absurd scientifically. Even if gravity is only a subsumed feature of a higher universal principle, that principle which rightly subsumes gravity defines the universe as finite and self-bounded.

This brings us immediately to the matter of infinitesimals. Explore this notion now, using the working, pedagogical assumption that gravity is either the actuality of the universe's finiteness, or a reflection of that. What aspect of that universal, gravity, is expressed as the action generating the Solar orbit? The response would be, that the "size" of the total gravity of the universe expressed would be an infinitesimal part of the gravitational action of the universe as a whole.

I have supplied that argument to convey a sense of the meaning of the notion of the infinitesimal in physical science and related subject-matters. Thus, we have Leibniz's notion of the catenary-cued notion of universal physical least-action. Similarly, all of the matters which are addressed by the reductionist fanatics Leonhard Euler et al., in their attacks on Leibniz, have the corresponding implications. All universal physical principles must necessarily be expressed as functions of a Leibnizian infinitesimal calculus. This goal has acquired a certain degree of perfection in the work of Riemann respecting hypergeometric functions.

This was already implicit in the method of *Sphaerics*, as employed by the Pythagoreans, the Socrates of Plato's dialogues, and Plato himself. It was implicitly pervasive in the work of the followers of Plato (and opponents of Aristotle and Euclid) among the members of the Platonic Academy through Eratosthenes, as typified by the measurement of the Earth's orbiting of the Sun by Aristarchus of Samos, centuries prior to the concoction of the Aristotelean hoaxster Claudius Ptolemy.

It is useful, in relevant educational programs, especially for young-adult youth of university age, to emphasize the connection between some crucial features of method employed by the Pythagoreans and their collaborators and the notion of universality which flows, within modern physical science, from attention to the role of gravitation in Kepler's attention to the organization of the Solar System.

For example, there is no way in which the existence of a line is implicit in a point, nor a surface in a line, nor a solid in a surface. These connections were recognized by the relevant Pythagoreans and Plato's circle as limited to universal physical principles, which must be proven as any discovery of a universal physical principle must be proven. In Classical Greek, this was associated with the concept of *dynamis*, the concept brought into modern physical science, by Leibniz, as the concept of *dynamics*. The most significant of these concepts, historically, was the solution for the doubling of the cube, only by construction, by Plato's collaborator Archytas.

The treatment of this matter by Eratosthenes, is of crucial historical significance in this connection.

This matter of the doubling of the cube erupted in modern European scientific efforts, around the matter of defining cubic roots by Cardano et al., and erupted later around the attacks on Leibniz by D'Alembert, de Moivre, Euler, et al. As is well known, this issue of cubic roots, and also the related matter of biquadratics, was the point of conflict, respecting geometry, between the empiricists and Carl F. Gauss's 1799 doctoral dissertation. Here lies the point in modern mathematics at which the specific issue of the so-called mathematically "imaginary" arose then.

That issue is clarified in a sweeping way, once the issue of Classical Greek *Sphaerics*, the matter of *dynamis*, is taken into account, as by Plato's *Theaetetus* and *Timaeus*, for example. These issues illuminate certain deeper implications of Leibniz's concept of universal physical least action in a way of crucial importance for a science of physical economy today.

This leads us to the crucial, concluding points to be offered here.

3. Now: Physical Economy As Universal

Let us now summarize the matter presented thus far by the following summation of the direction in which these and related subjects of reflection should carry our attention today.

It should be relatively obvious, that the distinction between the ape and human, is lodged within the accumulated effects of a dynamic interaction among the discovered universal physical principles embodied in the practice of what we may consider, in effect, as national physical economies. Each such principle, if it is a principle in fact, has the characteristics it shares in common with Leibniz's notion of a universal physical principle of least action.

The quality of *dynamics* is expressed as the interaction among such principles, rather than a collation of impulses acting upon commonly targetted discrete objects. This is illustrated by a point which Vernadsky makes in his distinction of the living chemistry of the Biosphere from the types of rudimentary chemical interactions within non-living processes.¹³ In other words, the introduction of action by the principle of life, upon a domain of non-living processes, produces a qualitative change in the chemistry of the combined living and non-living processes. This Vernadsky rightly emphasizes as a dynamic, rather than a mechanistic process. The optical orientations noted by Louis Pasteur, are among the reflections of chemical changes associated with the impact of living processes seen then as a *suspected* universal physical

principle of life.

For similar reasons, the transfer of production from regions of the world which have a relatively high level of development of production culture and infrastructure, to a cheap labor market, has consistently lowered the net productivity of the world as a whole. This point might be debated by persons of superficial opinions, until we had confronted them with the threat to the existence of the human species, if we fail now, to push fully back into a pro-nuclear-technology orientation, before we insist on using lower grade natural resources on which we continue to be stubbornly dependent at the same time we are exhausting the supply of those resources!

Only a shift into a full-scale escalation in reliance on the very high energy-flux-density modes of nuclear-fission and thermonuclear-fusion technologies, could save the planet from what were otherwise an historically early general collapse of civilized life, and population-levels, throughout the planet as a whole.

Science and History

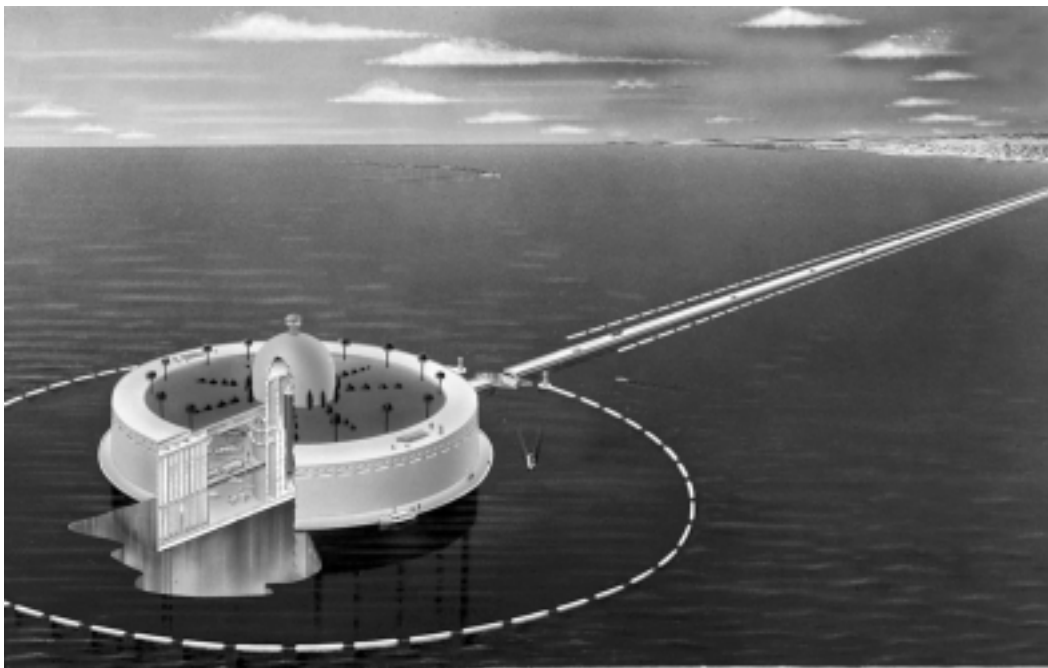
This presents us here with two leading subjects for our urgent reflection today. Science and history.

For me, and I am assured that this has been my proper choice of emphasis in the course of my life's work, the pathetic feature of culture in, for example, the U.S.A. today, is the dismal lack of any efficiently systematic comprehension of even U.S. national history, without even taking into account the longer history, since no later than ancient Greece, of the global impact of European civilization as a whole.

For me, and I am right in making this point, all European civilization, including its extension to interaction with other streams of culture on our planet, is not only properly, but also necessarily treated as a continuous process of experience over the recent period of more than three and a half thousands of years. The passage from the collapse of Greece through the folly of the Peloponnesian War, the rise of the synthetic culture of Rome to imperial status, the passage from imperial Rome to imperial Byzantium, the decline of Byzantium with the rise of the ultramontane form of imperial partnership of Venetian financier-oligarchy and Crusading Norman chivalry, the New Dark Age of the Fourteenth Century, the rise of modern European civilization with the Fifteenth-Century Renaissance, and a post-Westphalia civilization freshly threatened by the ogre of Anglo-Dutch Liberal imperialism, and blessed by the creation of the U.S. Federal Republic, are a single process.

The very fact of the complexities which must be taken into consideration in tracing the evolution of this human mass over these millennia, requires us to treat the entire process as a single process, but one which is essentially dynamic, not mechanical in its characteristic developments and declines. Yet today, even putatively "well-informed" figures in positions of relatively great influence, are usually no better than pathetically ignorant and clumsy boors when treating the mat-

13. LaRouche, op cit.



Oak Ridge National Laboratory

A shift to reliance on nuclear-fission and thermonuclear-fusion technologies is indispensable for the future of the planet. Here, an artist's concept of an offshore nuclear-powered desalination plant, with fresh water transported by pipeline to where it will make the "deserts bloom" in the arid Middle East.

ters on which the welfare of civilization depends.

On that account, we are well reminded of what Plato says of the Egyptian warnings to Solon of Athens. We have seemingly very few "old men" among us; even those who have reached my age, seem to me as like ignorant children who might have been freshly born yesterday.

This concern for European civilization as a long-wave process, coincides with the only permissible view of the nature of the human individual.

As I have said and written many times and more, during the past three and more decades, were mankind a species resembling the higher apes, our species would probably not have exceeded several millions living individuals, in number. Today, we have over six billions persons living. This change in relative potential population-density, is the net outcome of no less than hundreds of thousands of years of existence of our species, a species which is different from every other known living species in its essential characteristics. The difference is what we might call "the power of reason," the power to generate discoveries of universal physical principles, through which discoveries we are able to increase the human life-expectancy and potential relative population-density, as no other living creature.

This power is lodged within the capacity to revolutionize human nature, by adding to it discovered universal principles. Through these discovered principles, we are able to transform ourselves into what is functionally a higher species than we have been before. Thus, while we are each mortal, and individual life is very fragile, and very brief in the scheme of things, there is immortality to our existence which is not to be found in any other living species. We are able to transmit

acquired mastery of the discovery of universal physical principles to others, and that in such a way that we transform the others into a more powerful species than they would have otherwise become.

This role, of making and transmitting discovered universal physical principles of the universe, is for us an intimation of personal immortality, and the implicit immortality of our species, too. The animal aspect of our existence, the mortal aspect, passes on, but the immortal aspect does not, in which the individual, by discovering and employing existing and also potential universal principles of our universe, achieves thus the justified intimation of personal immortality as well.

The objective of public policy of a true republic, must be to prevent any member of society from dying, if possible, before they had, in some way, participated as a sovereign individual soul, in this great creative process which reveals us as made in the likeness of the Creator of the universe.

In this matter, for us, there are no isolated principles, but rather a dynamic interaction among them all. To live to the fullness of what an individual mortal life might become, our personal objective is to become not only efficiently conscious of that dynamic set of relations, but to enjoy such practice deliciously and enormously.

How hateful then, the practice of empiricism must seem to those of us, who wish to be happy as living human beings!

Make at least the known dynamics of the history of now globally interactive European civilization the domain in which the individual's personal sense of identity, the intimation of immortality, dwells.

The fun of the journey, is the joy to be found in getting there.

TEXAS DEMOCRATIC CONVENTION

The Fight for the Future Of the Democratic Party

by Harley Schlanger

The business-as-usual atmosphere which generally characterizes the race for state chair in the Texas Democratic Party was shattered this year, as an angry insurgency has broken loose in the party. This was reflected in the balloting at the state convention in Fort Worth the weekend of June 10-11, in which a run-off was forced between the “establishment’s” choice for chair, Boyd Richie, and former State Rep. Glen Maxey.

Driving this insurgency were Lakesha Rogers, a member of the LaRouche Youth Movement (LYM), and Charlie Urbina-Jones, a labor lawyer from San Antonio. While Urbina-Jones fought to make the party both more inclusive, and more combative against the faction of so-called “moderate” Democrats, which has presided over the catastrophic collapse of the party in Texas, it was up to Rogers and the LYM to put the programmatic issues on the table. It was the combined vote for Urbina-Jones and Rogers in the chair’s race which led to a run-off, as neither Maxey nor Richie, the other two candidates, achieved a 50% vote in the first round.

Throughout the weekend—and especially in their speeches to the more than 6,000 delegates and alternates to the convention on June 10—Rogers and the LaRouche activists put the party on notice. They insisted that the Democratic Leadership Council (DLC) operatives, who have dominated the party in Texas for the last two decades, and have played a crucial role in undermining the party nationally, be booted out, starting with Felix Rohatyn.

Rogers, LaRouche, and the FDR Legacy

Rogers’ speech, and those of the three who placed her name in nomination, were well received by the delegates (see

full texts, below). “I’ve taken on the fight,” she stressed, “which is necessary to adopt the principles to take the country back to the ideas and the legacy of Franklin Roosevelt.”

Rogers was interrupted frequently by applause, as she gave a stirring call to make that FDR legacy come alive again for the voters of Texas. Her appeal for a policy of outreach especially resonated, as many of the delegates were voicing similar concerns. For example, many of them who are members of the graying Baby Boomer generation, have been asking why there are so few youth involved in the party.

There was a crescendo of applause as she described how to address this, to return the Democrats to majority status in Texas: “I want to let you know, I am an organizer. After graduating college, I found that our generation had no future. We’re not trained in skilled labor, our productive capabilities are falling! We’re losing our labor forces right now.”

She finished with a rousing call to action: “You and I, together, will take this party back. We’ll take it back to the people, and we’ll make sure that *we win the fight* to take Texas back ‘Out of the Bushes and Into the Future!’ And we are going to do it *without DeLay!*”

Rogers’ speech was the culmination of a two-month organizing drive, which was launched following a discussion between this author and Lyndon LaRouche about how to reignite in the Democratic Party the “spirit of 2005,” when Congressional Democrats successfully mobilized to turn Bush into a premature lame duck. That mobilization keyed off LaRouche’s exposure of the role of Synarchist banker George Shultz in pushing the hapless Bush to back a Chilean-style privatization of the U.S. Social Security system. Demo-



EIRNS/Christopher Landry

Kesha Rogers of the LaRouche Youth Movement addresses the Democratic State Convention in Fort Worth on June 10. Her campaign for the party chairmanship sparked an “insurgency” against the “New Democrat” opponents of the FDR legacy, who have ruined the party over the past two decades.

crats, with the open support of some Republicans, rallied the population to defend Social Security, which had been instituted as part of FDR’s New Deal. This was a major defeat for Shultz’s Wall Street pirates.

Instead of building on this victory, leading Democrats pulled back in early 2006, putting pragmatism and personal ambition ahead of defending the general welfare. Felix Rohatyn—like his old collaborator Shultz, a Wall Street Synarchist fascist, who came from the same Lazard Frères investment bank which supported the fascist movements in Europe in the 1920s and 1930s—emerged as a leading figure in the Democratic Party, both through his role with the DLC, and as a Wall Street moneybags for candidates who shared his hostility to FDR.

Rohatyn, using the DLC as a base of operations, has attempted to sabotage the efforts of LaRouche and his co-thinkers in the party to remove Dick Cheney and the neo-cons from the White House, putting out the line that it is better to leave Cheney in office, to run against him! Rohatyn has simultaneously attacked LaRouche’s efforts to pass legislation to save the auto industry’s machine-tool sector, working instead as a paid operative for Delphi and General Motors in dismantling the auto industry, outsourcing its jobs while preaching that globalization is unstoppable and good for the country, and that a return to the policies of FDR is unacceptable.

LaRouche said that Rogers’ campaign would offer Texas Democrats a rallying point, to go against the DLC subversion of the party. Many Texas Democrats, who had once played a leading role in winning the legislative battles for the New Deal, and who had seen their state develop as a result of such

policies, have been thoroughly disgusted by the party’s recent submission to the “New Democrats.” The so-called New Democrats have been instrumental in destroying the legacy of FDR, with their anti-government, pro-free-trade rhetoric.

The growing groundswell against them was intersected by the efforts of Urbina-Jones to turn this year’s convention into a referendum. “*Ya basta!*”—“enough”—was the rallying cry for those who have had their fill of the “Bush-lite” turn of the Texas Democratic Party.

It was in this environment that Lakesha Rogers’ campaign provided an additional spark, and served to clarify the reasons why an insurgency was necessary.

Unity Around Principle

The underlying issue, which was voiced by Urbina-Jones, and, to a lesser extent, by Maxey, as well as by a large number of delegates, is that the party has been going in the wrong direction for the last two decades. The party should concentrate on jobs, health care, basic economic issues—the usual Democratic Party “red meat”—but there was a strong response to Rogers’ insistence on going beyond the rhetoric.

First, it is essential that the allies of Shultz and Cheney be driven out of the Democratic Party. What good is it, she and other LYM members asked, if Cheney were to be removed, but Shultz’s longtime collaborator, Rohatyn, remained a leading figure shaping the direction of the party?

Secondly, Rogers emphasized that the Democrats must go deeper than seeing the fight as “New Democrat” versus “New Deal.” The real battle is over fundamental principles of economics, understanding the difference, for example, be-

tween the foolish “pay as you go” budgetary axioms, and the creation of Federal credit, which FDR used to build infrastructure and create jobs, to get the U.S. out of the Great Depression, and John F. Kennedy did to fund the space program. There were many animated discussions at the Rogers’ campaign booth in the exhibition hall, as Democrats stopped to engage in in-depth dialogues with the contingent of LYM members.

This battle was made concrete by the circulation of the LaRouche PAC “White Paper” on Rohatyn’s role in dismantling U.S. industry (see *EIR*, June 16, 2006), which was grabbed by delegates, along with LaRouche’s Emergency Recovery Act of 2006.

This programmatic perspective was reflected by a number of the speakers, with many calling for policies for the “common good” and the “general welfare,” and repeated references to FDR. Barbara Ann Radnofsky, the Democratic candidate for U.S. Senate, invoked John F. Kennedy and the Moon mission as an example of the kind of policies needed today, to inspire a new generation.

The additional factor, which represented a real change at this year’s convention, was the growing recognition that LaRouche has been right, about the economy, and about the Democratic Party. There were many who stopped at the Rogers’ booth to talk about past run-ins with LaRouche, to say that they met LaRouche at a meeting, or a conference, or remembered him from his address to the state convention in 1980. His involvement in the party was referenced by former chair, Bob Slagle, who silenced a few hecklers when LYM member Natalie Lovegren nominated Rogers. Slagle, who served as the chairman of the convention, insisted that the party respect the rights of LaRouche and his presence at the convention. His statement was met with applause, and the response from the delegates, from then on, to Rogers and her supporters, was quite enthusiastic.

One leading Democrat remarked that LaRouche had been right in the 1980s, when he warned of the danger of fascism in America. “We didn’t acknowledge him then, but now, it is clear. People are hurting. We need his voice.” Another senior Democrat was more succinct. In speaking of the highly visible presence of Rogers and the LYM, he said, “LaRouche is back, bigger than ever.”

The convention ended on a high note. While Boyd Richey was elected chairman on the second ballot, he ended the convention saying that he has gotten the message, and that he intends to work with Maxey, Urbina-Jones, and Rogers. In a post-conference letter he sent out widely, he wrote, “I also want to thank Glen Maxey, Charlie Urbina-Jones and Lakesha Rogers—for running constructive campaigns that emphasized your ideas about how we can improve our Party. I look forward to working with you as we strive to . . . turn out the winning margin in November.”

Rogers replied immediately, pledging that she and the LYM, and Lyndon LaRouche, are ready to take on that task.

Nomination by Natalie Lovegren

Hello, my name is Natalie Lovegren. I’m from South Texas, the Rio Grande Valley, a strong Democratic area. I am proud to nominate Kesha Rogers for the position of Texas Democratic State Chair. Kesha is here as a leader of the LaRouche Youth Movement [a few boo’s from the audience]. Now, a few of you may—. [Bob Slagle, a member of the party’s Executive Committee who chaired the session, interrupts and takes the mike.]



Slagle: Now, hold on. I was run against by a LaRouche candidate everytime or almost everytime I’ve run, or run for reelection. We believe in free speech in the Democratic Party. Please don’t boo, because I’ll have—[loud, sustained applause] because if you do I’ll have to add back time, and I don’t want to do that. Thank you for your courtesy.

Lovegren: A few of you may still be stuck in the ’80s and believe slanders about LaRouche, but some of you may remember the 1980 Democratic State Convention in San Antonio, where LaRouche addressed the convention; he was brought in by Texas farmers and he warned that if we moved away from the FDR tradition, and abandoned labor, abandoned farmers, abandoned small business, we would become a minority party.

Now, Kesha is part of building a youth movement to revive that legacy, to revive the Franklin Roosevelt legacy, and to rebuild the nation, through a new mission orientation around scientific and technological development, around creating jobs through mass infrastructure projects for water, power, transportation. Kesha understands that it is the responsibility of every elected official, every representative of our republic, to look to those in the greatest need and the poorest condition, and fight to uplift them. [applause] Her campaign represents mass outreach to old and new voters, to revive that principle, the principle of the general welfare, the principle of the common good, to revive that principle in this state. Kesha represents the dignity, and the commitment to principle that is greatly needed to lead this party, and it is my honor to nominate and support her. Thank you.

Second by Michael Maddi

I second Lakesha Roger’s nomination, as a member of the Baby Boomer generation that now is *misleading* the nation. Kesha represents not only the youth who look for real leader-

ship from the Democratic Party. She also represents those Democrats of my generation who know that the party must reject the post-industrial ideology of the 1960s that infected our generation. This ideology has led us into the pit of globalization and free trade. Right now it is causing the shutdown of our auto industry and its essential machine-tool capacity, and the highly paid skilled jobs associated with it.

Kesha has been an active Democrat as a grassroots organizer and precinct chair for several years. Kesha says it's time to return to the tradition of FDR, and industrial production, and skilled jobs, and decent wages. She is calling on Democrats to get behind a program for the poor and middle class, students, and the elderly, the lower 80% we have largely abandoned as Democrats. This is an organizing strategy that will bring former Democrats and disenchanted voters in general, back to our party. That's how we will win in November and in 2008.

Fellow delegates, vote for Kesha today and follow her "Out of the Bushes, Into the Future"!



district, not a stone left unturned, that we did not go into; whether it was door to door, or on the traffic islands, we were educating the population about the evils of Tom DeLay.

Now, leadership, on the other hand though, is not just telling people how bad things are. We have to have a solution to the problems. We have to go in, and demonstrate to people that there are real solutions to this crisis we face as a nation, and Kesha Rogers has demonstrated, time and time again, that she's willing to fight for a real transformation, against globalization and free trade.

We're going to "Get Out of the Bushes, and Into the Future," with Kesha Rogers.

Thank you.

Lakesha Rogers

'Out of the Bushes And Into the Future'

Speech to the Convention, June 10.

Hello Democrats, my name is Lakesha Rogers, and I am running for your Democratic Party Chair. I am running because this nation is in great danger. We are in danger right now, of losing our great nation, losing our Constitution, and losing the principles which shaped this great Republic! We're losing those principles, because thugs like Dick Cheney, Tom DeLay, have destroyed our country, and the values which we represent. We have to take them back! This is why I've launched a campaign with the slogan, "Out of the Bushes and Into the Future." And those of you who know what that means, know that we must fight *now*, to take Texas back, and take this nation back. [applause]

I have fought, in the Democratic Party, and been a Democrat for the last 29 years. I'm 29 years old. I started as a precinct chair for many years, and I've taken on the fight which is necessary to adopt the principles to take the country back to the ideas and the legacy of Franklin Roosevelt; to those ideas that were once shaped by great leaders such as Henry B. Gonzales and Ralph Yarborough, who understood that we have to stand up to the devices of those of Wall Street and the financier interests, those who are now trying to come in and hijack and cripple the Democratic Party. Those like Felix Rohatyn, who want to destroy our party, and individuals who want to make sure that we don't have a nation any longer.

I want to let you know that I have led the fight on the ground to build a groundswell in the Democratic Party, to bring the fight back to the people once again. We cannot be

Nomination by Dennis Daulton

Hello there, my name is Dennis Daulton, and I am glad to nominate Kesha Rogers for the Democratic State Chairmanship.

At age 18, I joined the U.S. Navy, and I did this for two reasons. First was to serve my country, but second was to gain the leadership skills necessary to be a Democratic candidate, who could win and lead this nation to victory [applause]. Well, I did get elected as a Democratic candidate to the precinct chair, now twice. But, the leadership skills I've learned have come through organizing with the LaRouche Youth Movement, organizing on the streets of this nation, talking to the population about the necessary economic reforms that our country needs, to survive.

We organize mostly on college campuses, organizing around the FDR tradition, industrialization, infrastructure projects. But we have battles with these students, battles over ideas, ideas that will shape this country's future.

Now, Kesha and I came up, we cut our teeth in our fight we waged against Tom DeLay in the 22nd Congressional District [cheers, applause]. There was not a corner of that



mechanical about this. This party is not about business. It's about bringing in ideas from young people, bringing in ideas to shape the future once again. Bringing in those ideas that are going to *challenge*, challenge the traditions which are necessary to have a real impact in the population, fighting for the forgotten men and women of this nation.

The first order of business for the Democratic Party, has to be to *get Cheney out now!* [applause] And Maxine Waters, Representative from California, has just recognized this, and I am going with her on that one.

I stood strong in the fight to bring down Tom DeLay, going door to door, organizing day by day. I want to let you know, I am an organizer! After graduating college, I found that our generation had no future. We're not trained in skilled labor, our productive capabilities are falling. We're losing our labor forces right now. We have to bring labor into discussions of the Democratic Party. We have to bring the forgotten men and women! Why is it that we have almost 36 counties not here, represented? We should have made sure that they were here! Why is it that we don't have more young people here? I'm going to bring them in! [applause] Why are we not addressing the needs of our farmers? We have to bring them in, now!

And I ask you today, that you join me. I am ready to join with you, as your leader and as a candidate for the Texas Democratic Party Chair. I'm ready to work with you, to reorganize and to change this party, back to the traditions which it once represented. I know I'm young; I don't know everything. But you and I, together, will take this party back. We'll take it back to the people, and we'll make sure that *we win the fight* to take Texas back Out of the Bushes and Into the Future! And we are going to do it *without DeLay!* [cheers]

Democrats: I'm counting on you to make a change. Join me, now! Thank you. [cheers, applause]

Interview: Lakesha Rogers

Texas Dems Make Way for LaRouche

Harley Schlanger interviewed LaRouche Youth Movement leader Lakesha Rogers on June 12, immediately after the conclusion of the Texas Democratic convention. Here are excerpts.

EIR: Kesha, you entered the race for Texas Democratic Party chair rather late. Why did you decide to run?

Rogers: After the announcement by Tom DeLay that he was

resigning, many Democrats acted as though we could get by with nothing more than the "we're not them" attitude, that the Republicans are so bad, people will automatically vote for Democrats. To address this in Texas, as well as the same problem nationally, you and Lyn [LaRouche] suggested that I run for the office. . . . The idea was that my campaign can shape the potential for a landslide victory in 2006, to win back the House and the Senate. We launched the campaign with the slogan "Out of the Bushes and Into the Future," which created an immediate impact statewide, and nationally.

EIR: What's been your experience in the Party?

Rogers: I have been active for many years. . . . I campaigned for former Mayor Lee Brown (in Houston) and worked in Congressional campaigns, such as for Sheila Jackson Lee (D-Tex.) and others. After joining the LaRouche Youth Movement (LYM) three years ago, I became a precinct chair. With the LYM, I played a key role in leading the fight against the poster boy of free trade and corruption, Tom DeLay. We showed Democrats how to take on the Shultz/Rohatyn crowd which was behind Social Security privatization. And we are showing Democrats that we can, and must, discuss these issues, at the highest level, with constituents in the lower 80% of family income brackets, that that is how we can give them a sense of mission in working with the Democratic Party.

EIR: What kind of campaigning did you do?

Rogers: We took the approach of building a groundswell in the population. The idea was to rejuvenate those layers which had been displaced by the Democratic Party, bring them back into the fight. I travelled with other members of the LYM throughout the state, organizing at campuses, union halls, Democratic Party meetings, at tax offices, and post offices. . . .

We focussed on LaRouche's proposal for retooling the auto industry, to enable long-term infrastructure development. We had to educate people on the Hamiltonian model of public credit, versus the free trade model of Shultz and Rohatyn.

A crucial part of this was discussing the urgent need to kick out the dirty Wall Street faction, which has attempted to hijack the party, trying to eliminate the legacy of Franklin D. Roosevelt, to get the party to go along with free trade and globalization. We led a strong fight to expose the role of Felix Rohatyn in attacking this FDR legacy, which is still important in Texas. This really shook things up, especially in discussions with Congressmen and elected officials.

EIR: What kind of response did you get from Texas Democrats?

Rogers: It has been one of an overwhelming eagerness for honest leadership and open discussion, and a strong rejection of the status quo. . . .

For example, a man on the State Democratic Executive Committee stood up in the meeting when the interim chair

was selected, and demanded that LaRouche literature not be allowed in the convention. This same man was intersected repeatedly by the LYM at the convention. After the speech that I gave at the convention, he told me he was very inspired. There was a new, massive openness from elected officials, and from party “regulars.”

EIR: One party leader told me that there is a lot of anger among Democrats, as many of the traditional constituents are hurting and they feel abandoned by the party. Was this evident to you?

Rogers: This was absolutely the response of many Democrats. People saw no solutions being provided. One lady summed it up just right when she said that everyone knows she’s a Democrat, and she tells everyone to vote that way, but they ask her, “Is it really going to hurt less to get screwed by a Democrat?” She continued, “What do I tell those people? How are we going to hold our elected officials accountable?”

There’s a paradox in Democrats’ minds over Clinton, that supposedly the economy was great, but he also went along with NAFTA, and now jobs are being outsourced left and right. The problem resides in the constituents’ idea of being able to change things themselves. They are being told to vote for the Democrats, and everything will be all right.

We’re telling people that we have to change things *right now!* We, the LaRouche organization, have a solid solution on the table, and we are organizing elected officials to take it up now, and pass the emergency legislation. Don’t wait until after the November elections; confront these guys now. Tell them they have to act now if they want to deserve your vote in November. . . .

EIR: By the time of the convention, Lyndon LaRouche had brought Rohatyn’s role into the open. While Rohatyn may not be well known in Texas, the Democratic Leadership Council is. What response did you get when you said you intend to clean Rohatyn and the DLC right-wingers out of the party?

Rogers: The key to exposing the impotence of the leadership of the Democratic Party was making Rohatyn the issue, educating Democrats on the threat his financial circle represents to the party, and the nation. Many responded by saying, “So that’s the bastard wrecking the party?” We put many people on edge over Rohatyn. But we have the goods on this guy, his role in pushing privatization and opposing the FDR legacy in the party.

When we discovered his role in the Delphi bankruptcy, Lyn immediately authorized the publication of a White Paper,



EIRNS/Michael Steger

Rogers: We are bringing in the ideas necessary “to have a real impact in the population, fighting for the forgotten men and women of this nation.”

“Rohatyn: The French-Nazi Connection,” which we saturated the convention with. While some just don’t want to deal with this, many people indicated they are ready to fight. . . . They are ready for a transformation of the party. The key to this transformation is the ability of youth to go in with real solutions, to inspire change and open the party up to LaRouche’s ideas. . . .

EIR: At the close of the convention, the new chairman, Boyd Richie, specified that he wants to work with you to win in November 2006.

Rogers: Mr. Richie’s comments signified a real change. He recognized that to win, he would have to open the party, as I emphasized throughout the campaign. He was really challenged by the fact that he did not win in the first round, and he saw the insurgency in the party. I am encouraged by his statement, because it reflects an understanding that change is necessary.

The LYM, and I, plan to escalate the drive for organizing throughout the population, reaching out to the lower 80% of family income brackets, and especially to youth, labor, farmers and ranchers, and racial and ethnic minorities. This has been expressed clearly to Mr. Richie, that we are prepared to join with him to do that.

We have also spoken to many Democratic candidates about the impact the LYM can have in shaping their campaigns, to organize a landslide in November, to demonstrate that the Democrats will no longer run as “Bush-lite,” but will provide real solutions to the crises they face. I think many of the candidates . . . are open to collaboration on this kind of principled basis.

How Many Shocks To Jolt Congressional Action on Auto?

by Paul Gallagher

LaRouche PAC and LaRouche Youth Movement forces, joined by state legislators and union leaders, met 30 Members of Congress or their staffs on June 8-9, pressing for Lyndon LaRouche's proposed emergency legislation to save closing auto plants and make them the center of a national infrastructure-building program. LaRouche PAC organizers then brought the same mobilization to the national convention of the United Auto Workers (UAW) June 11-15. By the week's end, hundreds of state and local elected officials and union representatives had signed the public call to Congress for the legislation, which appeared as paid ads in the Congressional publications *The Hill* and *Roll Call* during the lobbying drive.

The U.S. Congress and the UAW international leadership still share a common problem: They appear to think that nothing can be built in these auto plants except cars and trucks, which leaves them debating solely what kinds of fuel should be in the tank. This puts them at odds with the rich industrial history of repeated "retooling" of the auto industry. (See "The Development of American Machine Tools," in this section.) It has blocked them from acting thus far on the solution—Congressional intervention and credit for retooling of the auto industry's closing plants, and unused capacity, for infrastructure purposes. Without that Federal intervention, a globalized auto industry, ridden by crisis levels of debt, will keep taking those skilled jobs and machine tools out of the United States, at an accelerating pace.

More major American auto plants are closing and set to close over 2006-08, than in the previous three decades.

A series of shocks is being delivered to the Congress which may propel them into action, given the expanding national mobilization of pressure by LaRouche PAC epitomized by the Capitol Hill ads.

Rohatyn's Outsourcing Role Exposed

First is the growing perception that the world's financial system is careening toward collapse, accompanied by the sudden increase in general inflation and rise in interest rates; at the same time, new job creation has shrivelled up. Quickly, job-creation programs will start to be generally demanded. The alarming 0.7% drop in U.S. real wages in May alone, accelerating a sickening five-year trend, shows the potential for a crash. It also explains why in the teeth of rising inflation, average automobile prices are going down in a more desperate attempt to sell cars, worsening the auto sector's crisis.

The second shock was the revelation that the Delphi Corp. bankruptcy—the central and "driver event" of the auto collapse, with 25 plants of a single company being rapidly shut down—had been planned personally by Felix Rohatyn as investment bank advisor to Delphi from May 1 until Oct. 8, 2005. Rohatyn and LaRouche are direct opponents and enemies in the Democratic Party, and Rohatyn has exercised influence against LaRouche's infrastructure proposal to save auto, denouncing any return to "FDR's methods." Rohatyn's own "methods" in Democratic policy circles are to promote privatized infrastructure schemes, actually corporatist-fascist schemes in which infrastructure is to be paid for out of workers' pension funds, wages, and benefits.

So with this "Democratic" banker and moneybags exposed as strategic planner of the biggest and worst corporate outsourcing in U.S. industrial history, the shock is striking home. LaRouche PAC has circulated more than 100,000 copies of the white paper detailing this exposé, including saturating the Congress and the UAW convention with it (see *EIR*, June 16, 2006).

Further revelations filled out the picture of Rohatyn Associates' and Rohatyn's Lazard Frères bank's steering of

the auto collapse process. LaRouche PAC released on June 12 (see box) the evidence that Lazard had repeatedly been retained by the UAW to analyze GM's, Ford's, and Delphi's books and advise the union on these corporations' demands for contract givebacks. The corporations had paid Lazard for its consultancies to the union! Lazard in November and December 2005 told the UAW that the health benefit cuts GM and Ford, respectively, were demanding, were absolutely necessary; agreeing to the cuts, the union cited this Lazard advice in a December 2005 letter to Ford employees.

But what, LaRouche asked, did Rohatyn and Lazard say about the huge executive salaries and bonuses being paid at the same time as the cuts, by GM, Ford, and especially Delphi? Did it also find them "absolutely necessary" for the company's survivable cost structure? And what about Delphi's overseas books and accounts, kept off limits in Rohatyn's "strategic bankruptcy" of only Delphi's U.S. operations? Did Lazard find it "absolutely necessary" that those books be hidden from the UAW, the court, and Congress?

The full dimension of the outsourcing of the entire basis of U.S. economic recovery and security, is clear in the following picture of successive waves of capacity lost.

From 1990-97, following the end of the Cold War, ac-

cording to industry sources, some 60 million square feet of industrial capacity of defense/aerospace contractors and companies was shut down, and its machine-tool content completely auctioned off. In late 2004, under changes made in Defense Authorization legislation, the "national defense reserve" of machine-tool packages for industry—maintained for 60 years by the U.S. military as an industrial "surge capacity" for a crisis, was similarly auctioned off from Defense Logistics Agency bases. And in 2006-07, some 80 million square feet of auto capacity, the last leg of U.S. machine-tool pre-eminence, is shut or scheduled to shut in just two years' time.

Ford's 'Way Forward' To Mexico

The debt crisis of the major automakers is continuing to deepen while Congress holds back, and auto plants close across the country. Total auto sales in the United States are steadily falling, month by month, as American households' real income drops (in May, real wages fell by another 0.7%; the drop is accelerating). Since the drop in auto sales is most pronounced in the Midwest region, home to hundreds of thousands of auto unionists who have strong loyalty to American car brands, "Big Three" sales are dropping faster than

Rohatyn's Looters 'Advise' UAW To Dismantle Industry

On June 12, the Lyndon LaRouche Political Action Committee put out the following press release.

Continuing investigations by the Lyndon LaRouche Political Action Committee now clearly demonstrate that the Lazard Frères banking group has controlled the Delphi Corporation bankruptcy from all sides. Former Lazard lead partner Felix Rohatyn and his associates at Rothschild Inc., acted as the financial advisors to Delphi from May of 2005 up to the week before Delphi's bankruptcy filing. Beginning no later than November 1, 2005, Delphi and the leadership of United Automobile Workers of America, agreed to hire Lazard as financial advisors to the UAW. Delphi paid the fees for Lazard's UAW consultancy.

Delphi's abuse of U.S. bankruptcy laws was succinctly described by *Business Week* as "globalization by bankruptcy." It is viewed by most informed observers as the first stage of an all-out assault by the same financial predators on General Motors, Ford, and Chrysler. The UAW membership, whose living standards are the primary target of the Delphi bankruptcy action, will be told by President Ron Gettelfinger in Las Vegas at the annual Convention

which began today, that there are no alternatives to the forced retirements and cheap buyouts of 30,000 production workers, and the shutdown and outsourcing of almost all of Delphi's U.S. productive capacity. Presumably his selling points to a formerly militant membership have been choreographed by "consultant" Lazard, which has put enormous pressure on the union leadership.

LaRouche PAC is presently circulating a mass pamphlet titled, "Rohatyn, the French-Nazi Connection." The pamphlet emphasizes that, in his assault on America's industrial base, Rohatyn is acting on behalf of Europe's synarchist bankers. Rohatyn has revived the World War II relationship between Lazard and The Banque Worms Group. U.S. war-time intelligence and the U.S. diplomatic corps identified this grouping as central to the synarchist banking operations which brought Adolf Hitler to power in Germany and arranged for his conquest of France.

In the same pamphlet, LaRouche PAC presents detailed documentation showing Rohatyn's control of the Delphi dismantlement through bankruptcy, and Rohatyn's personal actions against Lyndon LaRouche and his plan to save the auto industry and its strategically vital machine-tool capacity through re-tooling. At a webcast on June 9th, LaRouche called for an all-out mobilization against Rohatyn and his influence in the Democratic Party, stating that "we have got to kick ass like ass has not been kicked before," if the auto industry and the U.S. economy are to be saved.

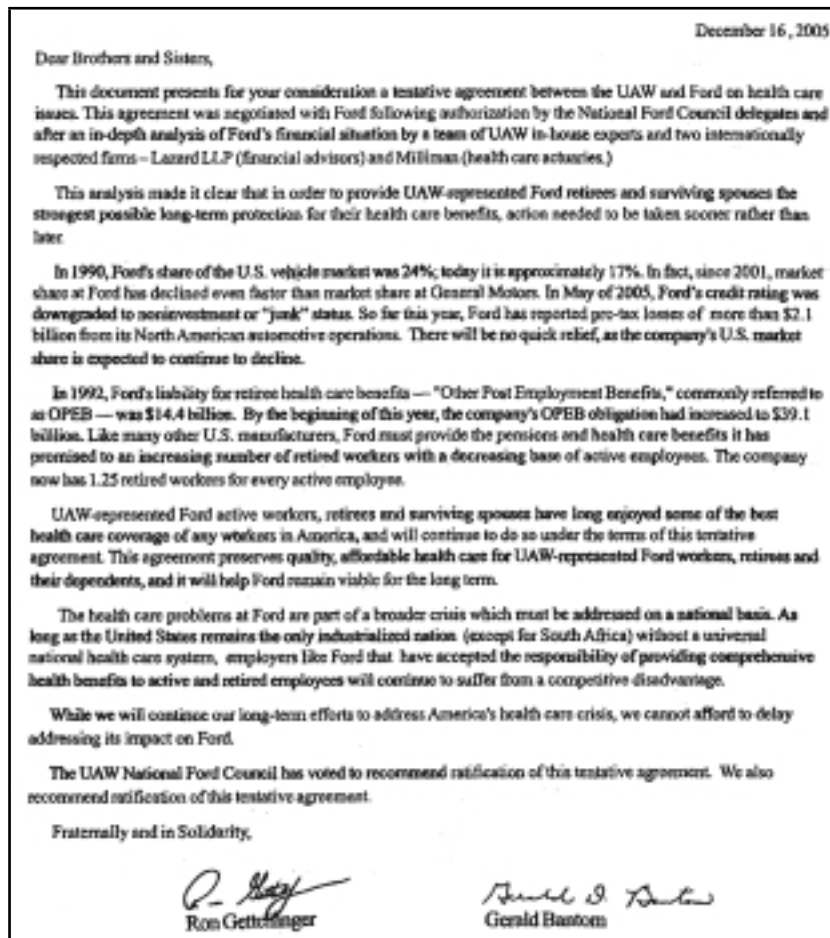
the total. Despite GM's use of its cash hoard to buy tens of thousands of auto workers into retiring from the industry—this is supposed to be good news on Wall Street!—its debt is still rated by the credit agencies as likely to fall further into junk. Ford's debt crisis is now ranked as even worse than GM's.

The level of tension even within Ford Motor management ranks, at the destruction of America's first and once-premier automobile company, was dramatized on June 14, delivering still another major political shock. A Ford management employee leaked to the press, the top Ford management's secret plans for a massive move of auto assembly to Mexico. The leak to the *Oakland Press*, and the following day to the *Detroit Free Press*, exposed the lying of Ford executive vice president Mark Fields, who was speaking that very day, June 14, to the U.S. Chamber of Commerce in Washington, D.C. about "keeping American content" in cars sold in America.

Fields' and Ford's actual plan—apparently presented to the Mexican government in April to line up subsidies—was revealed as: building a new assembly plant and expanding two others in Mexico; reaching production of nearly 1 million cars a year there; "saving" nearly \$2 billion a year from far lower wages, benefits, and other costs; quadrupling its purchases of parts in Mexico. In the United States and Canada, meanwhile, Ford is in the process of shutting down seven of the 18 assembly plants it ran as of Jan. 1, 2006.

Delphi's plants are also winding down at an extremely fast pace. Since April, 10,000 of its employees have been ushered out of the industry through retirement buyouts, or moved back into vacated jobs at GM where 23,000 additional workers have been drummed into early retirement in the same two months. And on June 8, Delphi and GM announced a second offer, aimed at buying out a further 10,000 Delphi employees by the end of July. At that pace, Delphi would be down to a mere 12-13,000 production workers by August, and the 25 plants CEO Steve Miller has marked for shut-down, would be closing rapidly from lack of a sufficient skilled workforce.

Miller asked and received a postponement of the next bankruptcy hearing until August, hoping that by then, he can "fine-tune" wage and benefit cuts with the few U.S. unionized workers who remain, and end the bankruptcy-globalization battle over Delphi with a whimper, rather than



This letter from UAW President Ron Gettelfinger to Ford UAW workers recommends that they agree to health-care cuts, since Ford is in trouble, according to the "internationally respected Lazard" financial analysts.

the bang of a national strike.

Hedge funds associated with predator "industrialist" Wilbur Ross, particularly Appaloosa Partners and WL Ross & Co., are positioning themselves to take control of the stripped down, globalized Delphi and squeeze all the "shareholder value" out of it. Appaloosa has put out a call for \$1.8 billion in new capital for the purpose of buying Delphi debt and stock; Appaloosa already heads an informal "creditors committee" with 21% control of Delphi. And on June 13, Delphi appointed as a new director, John P. Englar, the executive of Burlington Industries who, in 2003, sold Burlington out of bankruptcy to Wilbur Ross's private equity fund, at a concessionary price. Ross and Delphi CEO Steve Miller have also done this same predatory dance before, with Bethlehem and LTV steel companies.

Only Federal action is capable of stopping this final stage of outsourcing of the machine-tool core of the U.S. industrial economy, and reversing its collapse with a policy of infrastructure project and jobs creation.

The LaRouche Plan for a High Technology New World Economic Order

Here is Lyndon LaRouche's opening statement to a June 15, 2006, video conference on "The Role of Oil in the Transition to Nuclear Energy," organized by the LaRouche Youth Movement and Executive Intelligence Review. His remarks to audiences in Mexico and Argentina (where the meeting was held in an auditorium at the Argentine Congress), were simultaneously translated into Spanish. Subheads have been added.

Moderator **Ingrid Torres**, of the Mexico LYM: I would like to welcome our audience here in Mexico, and also those present at the meeting in the Argentine Congress, on behalf of the LaRouche Youth Movement and Executive Intelligence Review, who have been in charge of organizing the event here in Mexico, and on behalf of our colleagues of the LaRouche Youth Movement in Argentina, who are linked up with this meeting.

We would like to emphasize that this conference is the culmination of our *first* nuclear campaign, and at the same time it is the starting point, the beginning of our *second* nuclear campaign, whose goal is to end on December 1 [inauguration day] with the announcement by the new Mexican President of a program to develop nuclear energy.

In that regard, we have been organizing in the institutions, in the universities, in the Presidential campaigns of the candidates, and among the citizenry in general. With us here today are representatives of institutions including the Union of Transportation Workers of the Federal District; the national security course at the Center for Naval Studies; the textile union Martyrs of St. Angel; the Secretary General of the Office Workers Union; and representatives from the Federal Electricity Commission. We also have students from various universities, such as UNITEC, Mexican University, the Mexican Autonomous University of Xochimilco and of Ixtapalapa. Those which I have not mentioned, please forgive me, but you are all most welcome.

Without further ado, I would like to welcome Mr. Lyndon LaRouche, who will speak on the subject of his plan for the transition to a high technology New World Economic Order. Please join me in welcoming former U.S. Presidential pre-candidate, Lyndon LaRouche.

LaRouche: We are at a point in world history: At the present time, the international monetary financial system of the world is in the process of disintegration. That does not mean the end of the world. It means that we either make certain changes, or this planet will go, in fact, into a prolonged

New Dark Age, comparable to what happened in Europe during the middle to late part of the 14th Century. Now, there is a problem in forecasting, which very few economists understand, because most economists operate on the basis of statistical theory, and statistical theory does not apply to mass human behavior. Sometimes, it may describe it, but it doesn't enable you to predict mass human behavior. Because, first of all, human beings are not merely animals. Human beings can change their behavior, in the same way that we make fundamental discoveries of physical principles in science. And every time mankind either discovers a new principle, or applies a principle which is previously known, which had not been applied, you change the direction of history accordingly.

We're now at a point, however, that as long as the world continues under the present international form of monetary system, the present IMF system, this world is doomed to plunge into a New Dark Age, and if we remain in that policy, nothing can prevent the entire planet from plunging into a New Dark Age. The only thing that can be done is to change the international monetary system. The means for doing that, is to put the existing monetary system into bankruptcy reorganization. For example, in the case of the United States, we're now on a short fuse, where between March, just past, and September, under present circumstances, we must expect a general collapse of the U.S. dollar system, the international monetary system. The collapse is already under way. You see it in two phenomena: a rate of acceleration of inflation in prices of primary materials, and at the same time, a crisis in terms of breakdown crisis, of whole chunks of the financial markets. So, the two processes going on represent a condition of turbulence, of increasing turbulence, which is very much like what happened in Germany between June and November of 1923. We're in a breakdown crisis of that type.

Pre-Conditions for FDR-Style Solution

However, if the United States were to change its policy, by putting the Federal Reserve system into bankruptcy—that is, putting the Federal Reserve system into receivership—you would then have an option for the beginning of a recovery comparable in model to what Franklin Roosevelt did when he came in as President in 1933. Without that kind of change, there is no hope for the United States. If the United States goes down, Europe will collapse immediately. Russia more slowly, because Russia is now a somewhat different kind of economy. The Asian economies will collapse quickly, because a collapse in U.S. and European markets for Asian

goods will mean a collapse in China, and a collapse in India and other Asian countries. So you would have immediately a general breakdown crisis of the entire planet.

Some people want that to happen—people like Felix Rohatyn and similar people in the Synarchist International, who plan for the kind of world in which world population would collapse rapidly toward less than a billion people from over six billion today. Whole nations would disappear, entire languages would disappear in some cases. That's the kind of problem we face.

Therefore, everything depends upon the subjective factor: Do we know what the solutions are, and do we know how they work? Do we have the ability, the will, to make them work, to introduce them? We can do that. And my function is not only to warn people against a collapse, which is now virtually inevitable under the present system, but also to indicate clearly on the subjective level what the decisions are that can be made by the United States.

For example, the U.S. government: What could be done now, right now, to prevent a general collapse of the U.S. system and also the world system? Only by presenting the concept of the changes in policy which are needed to save the world from this onrushing crisis, could the world be saved from a New Dark Age. That's our condition. Any other view of world history is an illusion, a consoling illusion. The idea that the present systems in the Americas can work, that is, the present monetary system, is nonsense. It could not work. We need a new system, and the system is essentially that which Roosevelt designed as the new Bretton Woods System. Times have changed, conditions have changed, but the same kind of system, and the Roosevelt approach through reforms, is what is necessary.

No Substitute for Nuclear Power

But there are also other reforms, which we concentrate on today. The world has reached a point with over six billion people on the planet, that the world cannot go on on the basis of existing levels of technology. Without the immediate introduction, massive introduction, of nuclear power resources—both as power resources as such and as technological means involved in production, and without a rapid progress toward thermonuclear fusion as a power source, within say a quarter of a century ahead, 25 years from now, there is no possibility of saving this world from a catastrophe.

Why? The increase of population has meant that, to provide a decent standard of living for people in various parts of the world, for over six billion people, we are going to have to turn to what are considered relatively marginal resources, marginal mineral resources. For example, in many parts of the world, you have an impossible fresh water problem. That is, fresh water supplies available, drinkable fresh water, are not sufficient to meet human needs. We are drawing down fossil water reserves, we are drawing down the developed water supplies for human and animal consumption, and so



EIRNS/Stuart Lewis

Lyndon LaRouche, speaking to the June 15 videoconference on high technology transfer held in Mexico City and Buenos Aires.

forth. We are also failing to develop the landscape, such that we can sustain a larger, growing population. Our systems of mass transportation have broken down, our organization of our cities has broken down. All these things have to be changed.

This requires power; this requires nuclear power. There is no substitute for nuclear power on the planet today. Anyone who proposes that we can get along without nuclear power is seriously, dangerously misleading. Governments which say we do not need nuclear power are dangerously misled. We need it. We also need to organize the world in a different way. We have populations, for example, in Eurasia. On the one side, you have a declining, decaying, decadent European civilization. You have a growing population, but a very poor population, in Asia. Over 70% of the population of India is extremely poor, with over a billion people, total. China, probably 1.4 billion people, some prosperity, but poor. China depends upon producing U.S.- and European-designed goods for U.S. and European markets. If the United States collapses, and Europe collapses in its demand, then there will be a catastrophe in China and in India. There will be a collapse throughout Asia. So the whole planet is looking at the threat, immediately, of a chain-reaction collapse, coming out of Europe and North America, which would impact the entire world.

To deal with that problem, as a world problem, we have to divide the world among certain continental systems of co-operation. For example, in order to deal with the problems of Asia, typified by China and India, we must concentrate Europe—including Russia—on the development of the materials and the technology required to bring the entire population of Asia up to a sustainable standard. This is one area where nuclear power becomes crucial. For example, in India, there's a determination on the part of leading circles to go to the thorium-based high-temperature gas-cooled reactor, as a mass development of power sources for India as a whole. Also changes in technology. The same thing is needed in China, but India has the thorium cycle, as does Norway and as Australia potentially does—big concentrations. In other

areas, we're going to have to accelerate greatly the development of high-temperature gas-cooled reactors as sources of power. We're talking about hundreds, of thousands of new plants being put in fairly quickly.

This means a change in mass transportation, a change in organization, a change in technology. It means looking ahead two generations, each of about 25 years; a transformation in populations' characteristics, as we increase the productive powers of labor.

The first thing we're going to have to face, in terms of resources, is this water crisis. It's an immediate crisis. That is, an immediate crisis of suitable fresh water supplies. It's also a need for rebuilding the natural potential of agriculture and so forth in areas where this has been abandoned by modern agricultural changes. This means a long-term investment in capital-intensive modes of investment, in particular in Eurasia, to raise the level of productivity, the level of standard of living of the Asian population, through mobilizing European production as an aid to that end in Asia. This means setting up a system of cooperation and financing of a 50-year duration in Eurasia.

We have a similar situation in the Americas. The Americas are different than Europe in many respects, because the Americas generally were based on the migration of European populations fleeing Europe, but bringing the advantages of European culture into the Americas. In some parts of the Americas, as in Mexico and Peru, you had large indigenous populations which blended with European civilization and, as they struggled to get free of some of the oligarchical influences of imperialism, they showed the same potential, particularly in the last half of the 19th Century. We are a different kind of people in the Americas than you have in Europe. Europe is much more an oligarchical culture, still. We do not have princes, dukes, counts, and so forth much, in our part of the world. We are more a plebian population, and therefore we look at people differently and behave differently than Europeans today do, but we are based otherwise on European culture.

Now, we have to get back to that tradition we have from this kind of development in South America, Central America, and North America. We have to go back to what was, in the latter part of the 19th Century, considered the American model, the Hamiltonian model of the economy. But there's been a lot of ruin added to the stock of the countries of Central and South America. Mexico has been ruined since 1982. The change imposed by the British and the United States on Mexico in 1982 has ruined the country. The country no longer has its own banking system. The banks are controlled by foreigners. It has lost its nuclear power. It's lost many of its industries. The conditions of life of most Mexicans, on the basis of indigenous economy, is much worse today than it was in 1982, when the crushing blow came down on Mexico through October of 1982.

We've had in a similar period—remember, this is the

period of the Malvinas War—we've had a similar pattern in the case of Argentina. We've had great problems in Peru, great problems continuing in Colombia, and so forth. So, therefore, we have a continent which has vast resources, which are largely undeveloped, many poor people; but also within the population, some people have a very high standard of culture by rural standards. Our job in the Americas, while cooperating with Eurasia, is to cooperate in developing the resources of the Americas, to correct the errors that have been committed, especially over the 1971-1982 period, to go back to a modern economy based on raising the standard of living, going to an agroindustrial high-technology mode of economy.

Therefore, we have to have a long period of cooperation. This cooperation will be based on a number of considerations. First of all, we must have a new monetary system which is a return to a fixed exchange-rate system. We must have a fixed exchange-rate system worldwide, because you cannot invest long-term—that means, 25 or 50 years, or even less—if the interest rate, if the borrowing costs on loans, on capital, is rising. We must have a low-cost on interest rates for long-term capital loans. We must have a system that is a fixed exchange-rate, so the cost of those loans does not increase during the lifetime of the investment. On that basis, on the return to a strictly regulated economy, away from a so-called free trade economy, a regulated system of cooperation among nation-states, we have to have a policy, a plan of long-term development and cooperation among sovereign states in that development. That's the only chance for the hemisphere.

This chance depends upon the rapid development of nuclear power use in the hemisphere. We have water problems, all kinds of problems. Without nuclear power, these problems cannot be solved. In Europe, we need a similar kind of thing, as I've indicated. In sub-Saharan Africa, you've had genocide going on since the middle of the 1970s. This is a deliberate Anglo-American policy of genocide against sub-Saharan African people, and sub-Saharan Africa has been ruined, from Sudan and so forth, on south. Ruined as a matter of policy, by policies adopted in leading circles in the United States and in Europe. We have been committing murder, genocide, against Africans. The pretext, as Henry Kissinger put it, back in the middle of the 1970s, was the argument that the raw materials of Africa must belong to the United States of the future. Therefore, we must not let the African population increase, because they will use up more of those raw materials. We must not let the Africans raise the level of their standard of living and productivity, because they would use up more raw materials. We must reduce the population of Africa; we must destroy the Africans' desire for sovereign nation-states. So these countries, the British, the United States and others, have been committing a policy of genocide against Africa, especially sub-Saharan Africa.

We've had a similar policy in terms of parts of the Americas. The cheap labor policies that we've been using, in the

long term will mean genocide against whole sections of the world which are relying upon cheap labor as a source. These are our problems.

Can These Policies Be Reversed?

What are our changes of solving this, of reversing this? Well, we have a President and Vice-President of the United States who, if continued in office, would absolutely prevent any progressive development. If you are talking about looking at President Bush continuing in office until two years from now, you're talking about the doom of the hemisphere and probably of the planet. Unless these characters are replaced, there's no possibility of the policy changes being made which are needed to control the presently onrushing crisis and to lead the world out of the present danger. So, there must be a change in the U.S. government. If the change doesn't occur in the U.S. government, there's no possibility that other parts of the world will solve the problem. It must be changed in the United States.

Now, what's the problem here? The problem is an old problem. It goes back to the French Revolution period. The birth of the American Revolution, which started actually in 1763, when the British Empire first emerged, or as an empire, the British East India Company. We in North America, who had been content to live with the British monarchy, found ourselves in an impossible position after 1763. We were being crushed, our technological progress was being crushed. For example, during this period, during the last part of the 18th Century, the productivity per capita of the typical resident in North America was higher, almost twice that, of the typical person in the United Kingdom. So the United Kingdom was repressing many of its own people, suppressing technological progress, and was determined to crush technological progress in the Americas. This was a cause for our Revolution. Our Revolution realized the aims of Europe, of a Europe free of oligarchical control. This was our Constitution. And since that time, they tried to crush us with the French Revolution, with various things in Europe, and the Napoleonic Wars, to crush the struggle to bring forth presidential systems, and constitutional power, like that in the United States.

When Lincoln won the Civil War, we defeated the British puppets called the Confederacy, the pro-slavery puppet regime called the Confederacy. The United States had emerged from northern border to southern border, from the Canadian border to the Mexican border, from the Atlantic to the Pacific Ocean, as one of the most powerful nations on this planet, a nation which could no longer be conquered by invasion, but only by subversion. Our problem has been, over these decades since, over more than a century since, subversion. We were subverted during the early part of the 20th Century, subverted by Teddy Roosevelt, by Woodrow Wilson, by Coolidge, by Hoover, and people like that. Franklin Roosevelt saved the United States and saved civilization from what would have

been otherwise a Nazi rule of the world. After Roosevelt died, immediately forces in Europe and in the United States went back to the same thing, of trying to destroy the Roosevelt legacy.

We are now nearly a destroyed nation, from the inside. We destroyed ourselves since the middle of the 1960s, since the war in Vietnam, and especially since the election of Nixon. The destruction has been going on at an accelerating rate. We're now at the point that we have to change, because Western Europe is incapable of making the changes on its own, which must be made. They could make the changes if the United States initiated changes in the United States. Those changes could be spread. If the United States and Europe go that way, if the United States goes that way, then there's a possibility that the patriotic forces which we see now freshly emerging in South and Central America, then these patriotic forces would respond quickly, for cultural reasons, to the potential which the Americas represent, on the basis of the American System.

But as you know, from Argentina, from Mexico, you cannot be free while you have an Anglo-American foot on your neck. But if the United States goes back to the other side, as it did under Franklin Roosevelt, then the potential of freeing the people of South and Central America for a kind of development which present trends in cooperation suggest, will be almost automatic. But the United States must take that initiative. Otherwise, there's not much of a change.

In Europe, if the United States changes, you'll have tremendous pressure coming on rapidly, as you see from Shanghai and Beijing now, the Shanghai Cooperation Organization, the principal nations of Asia are uniting with Russia and reaching out toward Europe, toward Germany and elsewhere, for continental cooperation. If the United States makes the changes it must make, then not only will the Americas change, but all of Eurasia will quickly change in a similar direction. We have the possibility of coming out of this, and building a new condition on this planet. That's where we stand, and that's what I'm working for.

Therefore, the problem is, how do we change the government inside the United States? How do we get rid of the Bush/Cheney Administration and people like that who represent this process? You see what I'm doing, if you watch the United States. We have people in the Democratic Party, and also in the Republican Party, who realize—more or less reluctantly, or more or less courageously—that we must get rid of Cheney and must get rid of the Bush Administration. Otherwise, there's no possibility that we can do the things we need to do. The time is short. Probably by September of this year, if we have not made the change we have to make, we probably will be going then into a plunge into a deep world depression, potentially a New Dark Age. If we change our policies within that time frame, or approximately that time frame, in the United States, then as I've indicated to you, all options are open. But if we don't you may be looking at a Dark Age.

Globalization Devastated Machine-Tool Industry in Russia

by Rachel Douglas

“The Russians just bought our entire assembly line at auction,” an auto industry trade unionist told my associate over the phone. And which Russians would that be? It was easy to find out: Type “Sterling Heights, Michigan” in the Cyrillic alphabet, enter it into a Russian-language search engine, and—*voilà!*

NIZHNY NOVGOROD, April 14—GAZ will spend \$150 million to purchase equipment and licenses from Chrysler. The GAZ group plans to acquire equipment from DaimlerChrysler AG’s Sterling Heights, Michigan assembly plant for around \$150 million, GAZ group Deputy Director of Strategic Planning Erik Eberkhardson has announced. The price includes the cost of shipping the production facility and setting it up in Russia, as well as the cost of the machinery. GAZ plans to make the purchase with its own funds. . . . Eberkhardson said that the U.S. factory would begin to be dismantled in May. Within a year and a half, it will have been completely reinstalled at GAZ, where there will be a separate assembly unit. American specialists will be on hand to assist with set-up, quality control, launch, and the assembly process itself.

GAZ, Gorkovskiy Avtomobilny Zavod—a name out of history. The Gorky Auto Works in the giant industrial city of Nizhny Novgorod, Russia’s third largest, which was called Gorky during the Soviet period, is where the Reuther brothers, Victor and future UAW leader Walter, worked in 1933-35. As Victor wrote movingly about it later, they were at GAZ during the time when young Russian men, born into peasant families, were being trained as tool-and-die makers, becoming the most qualified people in the Soviet labor force.

And now GAZ, owned by a Russian aluminum magnate, is buying an entire assembly plant from Chrysler in Michigan. What is this? This is globalization. The average wage of a full-time worker in Russia’s auto industry rose from the equivalent of \$72 in 1999 to the equivalent of \$250 in 2004, according to a Russian Academy of Sciences study. That’s *per month*. About \$11.50 a day.

The story about Gorky and Sterling Heights brought into focus for me the source of the queasy feeling I’d had over recent weeks, as one report after another came in on Western

car manufacturers setting up assembly operations in Russia. The rush did not start yesterday. Already in 2002, for example, the Ford Motor Company opened one of the first foreign-owned assembly plants, near St. Petersburg, to turn out Ford Focus cars. Renault, KIA, BMW, and Hyundai have assembly operations in Russia. In 2005 a total of 156,920 foreign-model cars were assembled in the country. This Spring has seen an explosion of such activity: General Motors in a deal to put up a Chevrolet assembly plant near St. Petersburg, Volkswagen choosing the city of Kaluga in central Russia for its semi-knocked-down (SKD) assembly facility for up to 115,000 cars annually. Nissan and Toyota have made known their intentions to start turning out cars in Russia.

The coincidence of the surge in new assembly operations in Russia (and the Czech Republic, and Mexico, and Mississippi, and many other cheap-labor venues) with the breakneck demolition of the auto industry in the U.S.A., as well as the U.K. and some other places, was not missed by Russian commentators. Under the headline “General Motors Hides From Bankruptcy in Shushary” (the St. Petersburg industrial area announced for the GM assembly plant), Rosbalt news agency on June 1 said, “Market analysts and experts are unanimous in their opinion, that GM is not really going to build a new factory in St. Petersburg, but will simply be shifting facilities here from European countries, where the company has been cutting back production and laying off workers.” Rosbalt noted that GM plans to close 12 factories around the world, eliminating 30,000 jobs. The St. Petersburg government granted GM substantial tax breaks—total exemption from the property tax and a reduction of the tax on profit—in order to attract the plant. Other cities competing for the assembly operations have done likewise, also taking advantage of Russian Federation Government Resolution #166, which authorized the lifting of tariffs on car components imported for assembly in Russia.

In that respect, the GAZ-DaimlerChrysler deal is an exception, since the proprietor of the transplanted assembly facility in Nizhny Novgorod will be a Russian company. Prof. Stanislav Menshikov, the noted Russian economist, reports in his book *The Anatomy of Russian Capitalism*, that the privatization auction of GAZ in 1993 was a scandalous affair, during which GAZ management was accused of using government funds to buy up shares in their own factory. Nonethe-



EIRNS/Rachel Douglas

Lyndon LaRouche (left) with Anatoli Panov, director of the Ordzhonikidze Moscow Machine-Tool Factory, in 1994. The plant had been the flagship of Soviet-era civilian-sector machine-building. It was privatized shortly after LaRouche's visit; Panov was ousted; and the floor space was converted to rental offices. Today, part of the site is being turned into a shopping mall.

less, GAZ executives owned the auto works until 2000, when the Kremlin-favored aluminum tycoon Oleg Deripaska made his move to take over GAZ through his Ruspromavto group. With 51 "dollar billionaires," most of their fortunes based on oil and metals exports from giant companies they acquired during privatization in the 1990s, Russia has become an integrated element of major global financial flows.

Most of the new assembly operations even aim to market the cars in Russia, to the upper crust that can afford new cars, which is a relatively tiny layer, but not negligible in a country with a population of 143 million. Where they are going to drive the cars is a separate question, since the condition of Russia's roads has not been addressed in a decisive way in recent years and Moscow gridlock is a phenomenon that has to be experienced, to be believed.

I asked a Russian friend of mine, who watches the country's economy closely, his opinion of the latest auto deals with GM and Volkswagen. "In some other day I would be against it," he replied. "But now this Third World-type SKD production is at least bringing jobs to some Russian regions where a great number of enterprises just dropped dead after the hurricane of 'reforms.' "

Ordzhonikidze Moscow Machine-Tool Factory

The fallacy of "cheap labor" is a fallacy everywhere it is applied, in the industrialized countries and the Third World

alike. The interrelated cases of America and Russia, the world's superpowers in the second half of the 20th Century, dramatize how the loss of the machine-tool sector destroys the national security, damaging the ability of a national economy to recover on its own.

Given the size and degree of development of the Soviet industrial economy, Russia should not be importing auto assembly plants. But Russia's ability to build up its own auto industry was crippled in the mid-1990s, when the Ordzhonikidze Moscow Machine-Tool Factory (ZiO), the U.S.S.R.'s only manufacturer of integrated auto assembly lines, was privatized. The interests that took over ZiO stripped out the machine tools and turned the floor space into offices for rent. It looked like what is happening in Michigan and Ohio today.

I was there in April 1994, accompanying Lyndon LaRouche as guests of ZiO General Director Anatoli Panov. A scientist and a production man to his core, one of Russia's leading experts on machine-tool technology, Panov was

then recovering from a physical assault in which he was nearly killed, as the fight for control of ZiO had begun to heat up the previous year.

He showed us the shops, and briefed us on the plant's history as the flagship of Soviet civilian-sector machine-building. "The factory's role in meeting major national economic objectives grew markedly in the period of postwar reconstruction and thereafter," Panov told me in an interview later that year (*EIR*, July 29, 1994). "ZiO began to produce automated transfer lines, transfer machines, and custom machine tools. . . . In 1959, the factory produced the U.S.S.R.'s first numerically controlled (NC) semiautomatic lathe. . . . In the 1960s, the factory increased the output of automated lines to the level of 42 per year. In the 1970s, it produced most of the equipment for the Volga and Kama Auto Factories (VAZ and KamAZ), and equipped other important plants: the Minsk Motor Factory (in Belarus), the Lenin Komsomol Light Automobile Factory in Moscow (AZLK), the factory in Taganrog that produces 'Kolos' and 'Niva' grain-harvesting combines, and others."

I asked Panov, what would happen if he lost control of ZiO. He warned, "I think (although I am doing everything in my power to prevent this) there is a high probability that, under the pretext of creating an industrial-finance company, our factory will end up as the property of individuals from the finance companies and commercial banks. In that case, I

believe that ZiO will cease to exist as a machine-tool company, not because—I emphasize again—it produces unneeded goods, but because its new owners are not going to invest their funds in complex and expensive production processes. They will prefer to free up the shop floors for the now extraordinarily profitable business of warehousing imported goods, as well as for rental as office space to various firms. In light of what I have said about the unique nature of ZiO, I am absolutely convinced that this is wrong from the standpoint of the national interest.”

One month later (*EIR*, Sept. 2, 1994), I reported under the headline, “Machine-Tool Plant Seized by Bank Clique,” on Panov’s ouster from ZiO. The perpetrators were from two banks, Keibank and Orgbank, which had maneuvered into ownership of a controlling stake in the company.

Vladimir Lisichkin is a top expert on Russian industry (translated excerpts of his report on the first stage of privatization in Russia, “bandit” privatization, appeared in *EIR*, Nov. 3, 1995). As a State Duma deputy for three terms, he made efforts to save ZiO, paralleling those of Panov. In an interview with *Trud* newspaper, April 3, 2003, Lisichkin recalled, “For five years I fought for the Ordzhonikidze Machine-Tool Factory, whose shares had been bought up by three banks through cut-outs. This was the only enterprise in the country that made NC machine-tools for the auto industry. The new owners, who didn’t give two hoots about manufacturing anything, immediately sold off the machine tools, or just scrapped them. And then they rented out the shop floor—in central Moscow!—as office space. The fight I waged did not succeed.”

Arkadi Volsky, head of the Russian Union of Industrialists and Entrepreneurs, told *Trud* in November 2003, “The Ordzhonikidze Factory is just standing there, and we’re buying machine tools [abroad], which are no better than the ones we used to make.” In March 2006, an entire wing of ZiO burned in a huge conflagration. The plant’s 22-acre territory in central Moscow is prime real estate. Last year Mayor Yuri Luzhkov announced that the French retail chain Auchan would develop part of the site as a shopping mall.

“What are you so distraught about the machine tools for?” asked another Russian friend. “Think of the *people*, their skills! The time will come when something has to be fixed, and they’ll be gone.”

ZiO employed 4,000 workers. While its products were shipped to customers throughout the Soviet Union, the Moscow plant also served as a training center for workers and managers from all over the country. Panov told me about that in 1994: “From the ranks of the first generation of ZiO workers, the 1930s generation, came management, engineering, and scientific cadre not only for this factory, but for the entire machine-tool sector, as well as scientific research institutes. . . . From the 1950s through the 1970s, ZiO transferred a number of its production areas to other plants in the U.S.S.R. Production of turret lathes was shifted to a factory in Alapa-

yeysk. Production of two models of semiautomatic hydroduplicating lathes moved to a factory in Yeisk. Production of five models of centering-milling machines went to a plant in Kostroma. ZiO personnel helped set up the new production on site in each of these cities. . . . From the early 1960s on, ZiO helped to train managers, engineers, and skilled workers for new machine-tool plants. . . .

“The situation of the Russian machine-tool industry, including our plant, has been deteriorating since the moment the market reforms began, and even somewhat earlier. Skilled machinists have been and are being let go. . . . Many former workers from this factory, in their search for a wage on which it would be possible to support a family, quit the machine-tool sector altogether. . . . If we go much farther, the last skilled workers and specialists in machine-tool construction will join the ranks of the unemployed. . . .”

Between 1990 and 1994, economist Sergei Glazyev documented in his book *Genocide*, that the output of Russian machine-building dropped by 60%. The number of people employed in industry fell from 22.8 million in 1990, to 14.7 million in 2001—the relatively less ravaged oil and other extractive industries included. The average age of a tool-and-die maker in the United States today is 55-57 years. In Russia, that is approximately the age range of life expectancy for the male population.

GENOCIDE RUSSIA AND THE NEW WORLD ORDER

Russia in the 1990s: “The rate of annual population loss has been more than double the rate of loss during the period of Stalinist repression and mass famine in the first half of the 1930s . . . There has been nothing like this in the thousand-year history of Russia.”
—Sergei Glazyev



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Economist Dr. Sergei Glazyev was Minister of Foreign Economic Relations in Boris Yeltsin's first cabinet, and was the only member of the government to resign in protest of the abolition of Parliament in 1993.

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Fight Under Way for Universal, Non-HMO Insurance in Pennsylvania

Steven B. Larchuk is a Pennsylvania attorney who is chairman of the Pennsylvania HealthCare Solutions Coalition and an expert on proposed legislation for universal health care in Pennsylvania. He was interviewed by Patricia Salisbury by phone, at a June 7 press conference in the state capital of Harrisburg, which was announcing the introduction of the legislation into the Pennsylvania House by State Rep. Linda Bebeko-Jones (D).

EIR: Today, June 7, there are many events around the country supporting the idea of universal single-payer health care. Could you fill us in on what is occurring in Harrisburg, and its significance for the state and the nation?

Larchuk: I will be happy to. I'm in the Capitol Building in Harrisburg, where just about an hour and a half ago Rep. Linda Bebeko-Jones, who is a Democrat from the city of Erie, announced that she is introducing House Bill 2722, which legislates a universal single-payer health-care reform package for Pennsylvania. What makes this particularly exciting, is that it matches a bill that has also been offered in the Pennsylvania Senate by Sen. Jim Ferlo from the Pittsburgh area, and so we have a single-payer bill that is now pending in both houses. This would be significant from a national perspective, because it isn't a plan to just increase business for insurance companies, but rather it essentially hands the insurance companies their hats and says, "Thank you very much for your service, but we will take it from here."

EIR: Can you tell us a little more on how the legislation would work? While Pennsylvania is by no means leading the nation in uninsured—I believe the figure is about 14% or about 1.5 million (I think the dubious honor of leading the uninsured goes to President Bush's home state of Texas, with something like 27%)—it is still obviously an extremely distressing figure. So how would the legislation deal with this crisis?

Larchuk: The problem is every bit as large as you describe, and even worse than that, because when you say that someone has insurance, rarely do you ask what the quality of that insurance is. A person can have a very minimal kind of coverage policy and still be declared by the government to be "covered." Yet, when they need to get service, they find that the coverage is really inadequate. But we don't measure the

inadequate insurance; we just say you either have it or you don't.

If you really measured people who have no insurance or have inadequate insurance for some portion of the year—and I'm talking about people who are *not* on Medicare—it approaches 50% or more of Americans who are not on Medicare, every year, who suffer some level of health insecurity.

How does this bill solve that? This particular bill is actually what I call a health reform cocktail; meaning you mix in several different reforms, because the health-care crisis has many different parts. The first thing we do is adopt a universal health-care plan that covers every Pennsylvanian. It doesn't matter who you work for, you can change jobs, you can be unemployed, you can be a student who is just graduating: You will be covered. We don't go through all sorts of gymnastics to qualify or disqualify people; everybody is covered. That is number one.

Number two, it is a single-payer plan, meaning that instead of a whole bunch of private or semi-private insurance companies spending a fortune to compete with each other, and then spending more money denying claims, it is a single payer that is really owned by the people; it is a trust, so that all the money that we collect to pay for health care goes into this trust, and we end up saving 15-20% of the money that is currently being wasted because of the private health insurance business. So right off the bat, we are able to fund universal health care with the money we save by just squeezing out the waste that we see from the private health-care system.

In terms of the "cocktail" aspect, this bill completely solves the medical malpractice crisis that we have in Pennsylvania, by adopting a "no fault" approach to medical errors, meaning we don't ask whose fault it was or any of that sort of thing; we just ask, "Were you injured by your caregiver?" If the answer is yes, all your medical bills are already covered because you have a universal health-care plan. And with respect to the non-medical damages, like pain, suffering, inconvenience, wage loss, those are covered through this administrative system, where you can very easily qualify for a settlement that carries you through your recovery period and beyond, if that is appropriate, without having to go through all sorts of lawsuits, hiring lawyers, waiting years hiring experts, and then when it's all over, if you are one of the relatively few



Philipsburg Area Hospital in Centre County, Pennsylvania, was closed in April 2006—one of the most recent facilities to fall victim to the “managed care” destruction of health services.

who succeed, then giving half of it to your lawyer for attorney fees and court costs. So we solve the medical malpractice crisis from the patients’ side that way, and we also solve it from the doctors’ side by making the funding for it part of the overall trust obligation, so that we don’t ask the doctors or hospitals to write these \$100,000 malpractice insurance premium checks, which are driving a lot of doctors out of Pennsylvania and toward states that limit the right of people to be reimbursed for malpractice.

And there is much more to this particular package. For example, an emphasis on a curriculum of wellness in our schools, going to a system where we treat the health and wellness aspects of education as being just as important as math or anything else, because your child’s health is the most valuable asset they have or ever will have. We need to invest in that from the earliest days, and we need to finance that part of their education by providing the schools with the resources they need. In Pennsylvania, we estimate that we will have to hire 10,000 educators just to handle the challenge of teaching our kids how to take better care of themselves. Frankly, you can shrink the need, and therefore shrink the cost of health care, by creating a new generation of Pennsylvanians who understand how to take care of themselves.

EIR: Maybe some of those administrators who might be losing their jobs under this program will end up in the schools, teaching the wellness curriculum.

Larchuk: We expect exactly that to happen. It is not just the teaching part of it, but when you take a million to a million and a half Pennsylvanians who have no insurance at all, and you suddenly give them a card that says, “Okay, go get what you need,” you will have a tremendous demand for health-care service that will translate into many, many high-paying jobs in the health-care industry. So you are going to take somebody who maybe spends their day looking at a computer screen all day in an insurance office to deny claims, and you can say, “Your job is no longer needed, because frankly your company has been outsourced to a trust. But don’t worry, you are not unemployed.” The bill provides within it the funds to transition people who are displaced by the legislation into new careers and particularly health-care careers. So you can take that person and maybe they’ll

transition into health education, or maybe you transition them into becoming a counsellor for a substance-abuse clinic, which is something that would be fully funded for the first time. Maybe they decide to go to nursing school. We have a college I know in Pittsburgh, for example, where if you have just about any kind of a four-year degree, with an additional one year, you can qualify for a nursing degree. So there are tremendous opportunities for people to go from basically clerical, “no future” kinds of jobs, to actually helping people, to being part of a solution instead of part of a problem. And we fund it so that no one should miss a meal because they have been misplaced as part of the adoption of a single-payer system.

EIR: I’ve noticed that the issue is raised in the legislation of the incapacity and lack of flexibility in the current health-care system, in responding to man-made or natural disasters, which clearly is something on everyone’s mind these days. How would the legislation increase that capability and flexibility?

Larchuk: Let’s take Hurricane Katrina as an example. The health-care infrastructure, meaning the hospitals and the doctors’ offices and the records, were all literally washed away. You have a situation where the people who were unemployed, and who were counting on employment for their health insurance, have no health insurance. You have no funding source, because there are fewer people to theoreti-

cally use the service, and then pay for it. This showed the vulnerability in a natural disaster situation, where private health insurance, the illusion that the employers provide the coverage, is not working, and it can't work, because the whole system has been knocked on its ear. If you were to change that and fund it with a tax-based system, with a tax dedicated to health care—nothing else, not to be raided by the legislature for roads or God knows what, as Congress has raided the Medicare trust fund for so many years—if you have a large-scale disaster like Katrina, the rest of the state can easily be called up to contribute a little bit more, just by racheting up the tax from 10% to 11% to 12%, to help get up over the funding crisis, and then as things get better, you can reduce it. It is very flexible, like the handle on a faucet: When you need a lot you open it, and when you need less you turn it to a lesser degree: That is how a dedicated funding taxing approach can be manipulated to generate the cash you need. And then if you have a sudden emergency, like Katrina or a nuclear terrorism attack somewhere in California, we could very quickly adjust the funding source. We need to have a funding mechanism for health care that can be turned up or down depending on

the urgency of the situation.

EIR: This magazine has editorially endorsed, for a long time, the idea of a return to Hill Burton standards, a Federal mandate for required per-capita health-care infrastructure, county by county, in the nation. And we have documented the decline of this infrastructure in every aspect: community hospitals, public hospitals, health-care personnel, and so on. We have some fairly dramatic graphics that show, for example, that when Hill Burton was instituted in 1946, the number of hospitals in the country began to increase; and then when HMO legislation came in around 1973-75, you can see a sharp, sharp decline in the number of hospitals and other aspects of health-care infrastructure (see **Figures 1-3**). I notice that the legislation has a fairly lengthy section on the infrastructure question. Can you comment on this issue of infrastructure, and what you expect or desire on the infrastructure front?

Larchuk: One of the many problems with the health-care systems that we have in place nationally, is that we encourage an over-concentration of high-tech equipment in cities and don't really have it available in the more rural counties.

States Scramble As Health Care Collapses

On June 7, hundreds of citizens throughout the country rallied to dramatize the collapsed state of health care in the United States and to support Federal legislation establishing national single-payer universal health care legislation, HR 676, initiated by Rep. John Conyers (D-Mich.). (For a roundup of activities, see last week's *EIR*.)

Reports are coming in from around the country on the accelerated collapse, including desperate attempts by local officials and health-care professionals to provide care to the 46 million uninsured and millions more underinsured. All kinds of arrangements are being made—donated time from physicians, health departments, etc.—as thousands more people daily are losing any form of health insurance. There are about 2,000 free clinics in the United States, according to the National Association of Free Clinics. Its director, Bonnie Beavers, told the *Syracuse Post-Standard*, "I'm sorry to say, we are definitely a growth industry. As more and more people join the ranks of the uninsured, more and more free clinics are springing up in communities where people are not content to sit by and watch their neighbors fall through the growing hole in the health-care

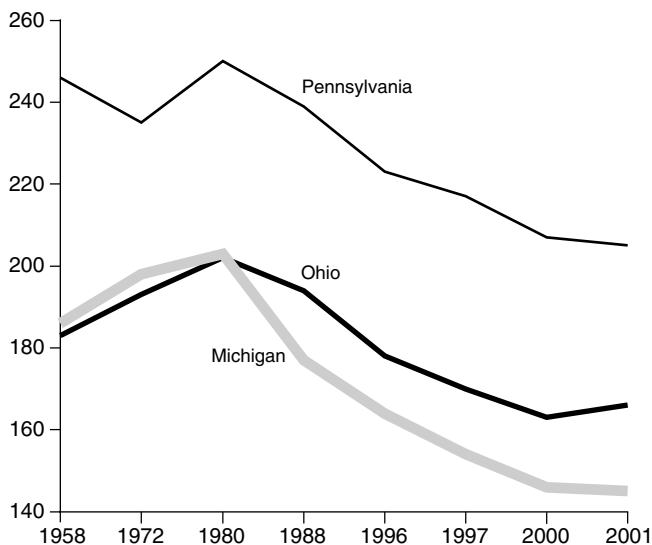
safety net." Even in one of the wealthiest and fastest-growing counties in the nation, Loudoun County, Virginia, the local press is reporting 1,500 uninsured in the county—a very low estimate—and that two free clinics will be in place by Fall, one run by donations and the other by the County Health Department. The Loudoun County Health Department Director, Dr. David Goodfriend, described the situation in an understatement: "As our county grows and continues to increase its underclass, both, I think, will be essential."

As local officials scramble, some state governments, urged on by the Bush Administration, are moving to cut back already inadequate services provided to Medicaid recipients. As reported by the *Washington Post* on June 12, starting on July 1, West Virginia will require that Medicaid patients sign a "member agreement" promising, among other things, not to overuse emergency rooms, facing the threat of a cut in benefits if they refuse to sign or to follow the rules. Kentucky is dividing its Medicaid patients into four categories, depending on their health and age, with different benefits for each group. Florida will privatize parts of its Medicaid system in two counties in a pilot project expected to be enforced eventually for the entire state. The health of Medicaid recipients in Jacksonville and Broward Counties will be rated by Florida health officials, and the two communities will pay for only as much care as officials predict they should need.—*Patricia Salisbury*

FIGURE 1

Gain/Loss in Community Hospitals, 1958-2001

(Number of Hospitals)



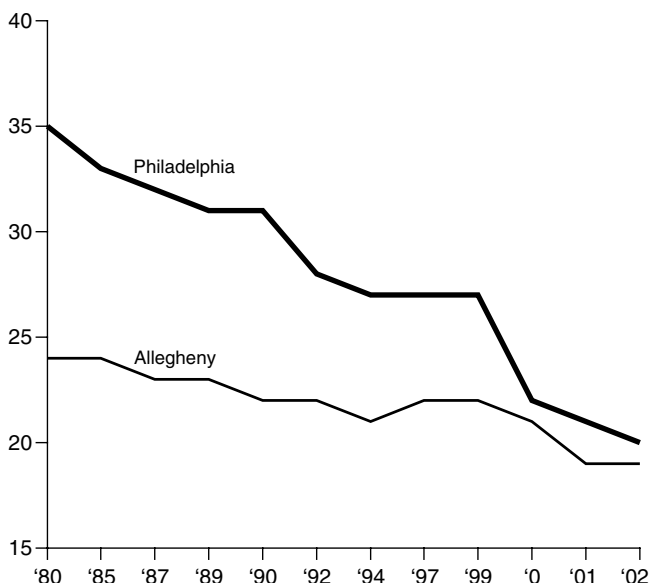
Sources: U.S. Statistical Abstracts; *EIR*.

We had a similar problem with electricity before the TVA development. Part of the New Deal was the Tennessee Valley Authority, to bring electricity to a part of the country that was underserved. Now, if you just ask yourself, “Was that efficient to do that?” the answer is, “No, of course not.” It was costing a tremendous amount to bring electricity out to these farms in the Tennessee Valley; but the objective was that availability of electricity was a human right at that point; that without it you couldn’t move into the 20th Century, you couldn’t really develop the communities. We have a similar phenomenon in health care, and Hill Burton was really the Tennessee Valley Authority Act for health care. It was the support to bring health care to everyone, not just in the cities.

But we have gotten away from that, because money has become the controlling mantra for the health-care industry. So they are reluctant to build another MRI or CT machine out in the sticks, where maybe one would be useful, and instead they put another one in the city, so they can compete with the big hospital down the block. And since you need to fill up all those MRI time-slots to pay for those machines, maybe you have people ordering tests that they don’t really need, to deal with the overhead cost of those machines. So, the way to deal with that is to reinstate certificates of need: In other words, if some hospital wants to invest a million dollars in a new piece of equipment, they need to prove that the community actually needs it. Otherwise, the answer is

FIGURE 2

Loss of Hospitals, Allegheny and Philadelphia Counties, 1970-2002



Sources: Pennsylvania Counties, Health Profiles, Commonwealth of Pennsylvania Dept. of Health, State Center for Health Statistics and Research; *EIR*.

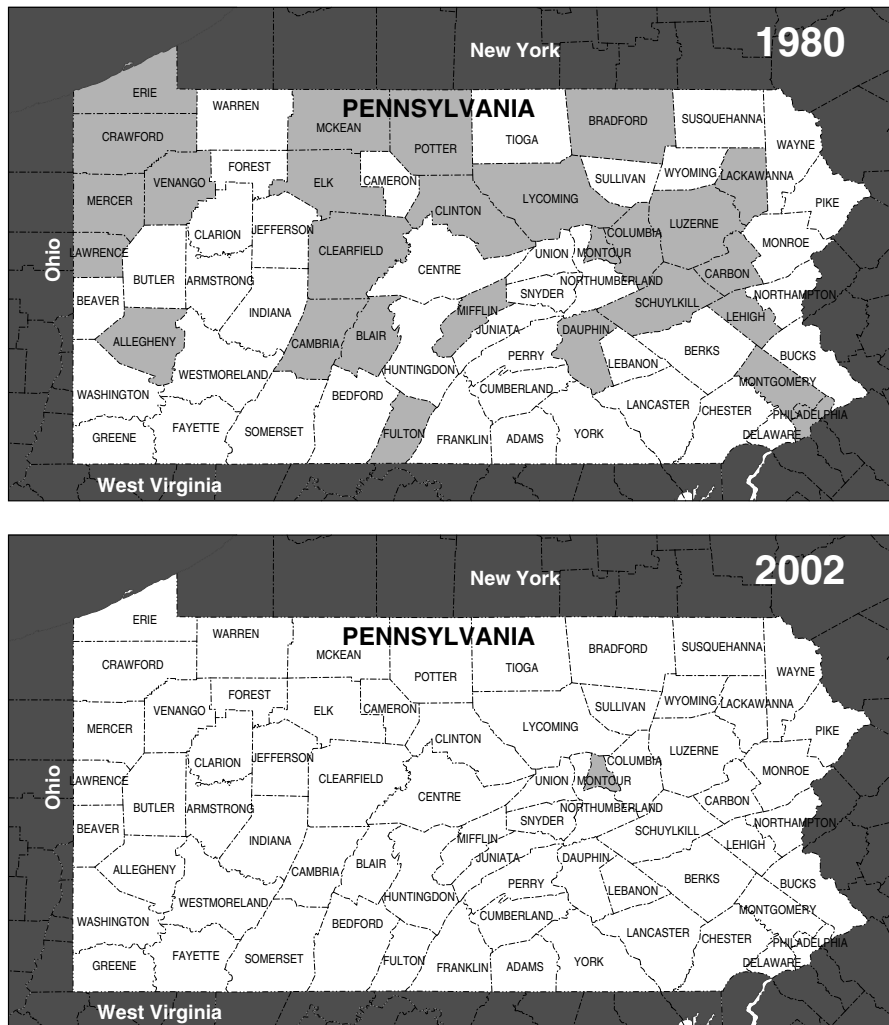
no; we are not going to authorize you to build a redundant machine that only puts a financial stress on both of the facilities, to try to justify their existence and possibly order tests just to support a cash flow.

The other thing is, we support the establishment of these facilities in places that are underserved, which is typically the rural areas and the poorer areas. And part of the certificate of need protection is, “Mr. Entrepreneur, we are going to fund putting your MRI machine in the middle of the sticks, and you can be comfortable that no one is going to put another one right next door to you. So we are going to help you build it and you will have a monopoly, so to speak, on that area, so that you will be comfortable that your investment is a good one.” So with that, we begin to get back to the sort of effort we had after World War II, which was to recognize health care, and electricity, and other similar things, as part of the fabric of the society, and not just something for the lucky few or those who happen to live in the big cities.

EIR: Now turning for a moment to the political picture surrounding the legislation: I know from looking at HR 676 [see box], that there is substantial support from union layers. It seems the United Steelworkers are very much involved, and not surprisingly, given what has happened to their retirees, when companies were bankrupted and were taken over by financier types, and so on. Where is the support, and where is

FIGURE 3

Pennsylvania—Drop in Counties Meeting Hill-Burton Standard of 4.5 Beds per 1,000 Residents, 1980 to 2002



Source: Pennsylvania Department of Health.

In Pennsylvania in 1980, the statewide average ratio of licensed hospital beds per 1,000 residents was 4.8. This compared favorably with the range recommended by the 1946 Hospital Survey and Reconstruction Act (known as “Hill Burton,” after its bipartisan sponsors, Senators Lister Hill [D-Ala.] and Harold Burton [R-Ohio]). The intent of the nine-page law was to see that rural and urban residents anywhere in the 3,069 counties of the nation had access to modern medical care. In 1980, 27 of Pennsylvania’s 67 counties met or far exceeded the ratio of 4.5 beds per 1,000 population, so that most citizens had reasonable access to care. The major metropolitan areas especially had a base of medical infrastructure—Philadelphia, Pittsburgh, Erie, Harrisburg, and so on. Then this was all dismantled over the past 25 years of the HMO-era, with its looting practices of underpayment to hospitals, and deregulated, for-profit hospital takeovers and insurance plans.

Dozens of hospitals have closed down. In 1996, the state had 201 general hospitals, but this number fell to 176 by 2004, according to the Hospital and Healthsystem Association of Pennsylvania. The most recent of the 13 hospitals closed was in Philipsburg, in Centre County, in April 2006. The beds-per-thousand resident ratio has fallen in every county. Now, only Montour County is at the Hill Burton standard. This reflects the fact that it is a rural county, which fortunately is home to the Geisinger Clinic, a 400+bed first-class facility, founded with an industrialist family endowment, which now serves the entire mid-state region.

the opposition to the legislation, and what are they up to?

Larchuk: Well, the opposition is lying very low. They feel that they are in command and have got our money to fight us with, through the premiums they have collected over the years. They invested heavily in supporting candidates who support their positions, and also those private insurers have managed to get their hooks into a lot of organizations that sell health insurance to their own groups. For example, we have something called the Pennsylvania Farm Bureau, which one would think would be all for a universal health-care plan, which would help farmers more than anyone; yet they are against the universal single-payer plan, because they actually sell private health insurance, and about the last thing they want to do is put themselves out of business, whether it is good for farmers or not. And that sort of phenomenon exists all over the country. You have got a lot of hidden objectors to any sort of reform, because various people have found a way to make money from the inefficient system we have.

Now in terms of the politics in Pennsylvania, Representative Bebkco-Jones’ bill, I believe, has a dozen or so co-sponsors, one of whom is a Republican, so it is bipartisan. It is just starting today, and in an election year, when people are very reluctant to do anything controversial, so we are very encouraged by that sort of support. Plus, with Massachusetts having just adopted their bill, which I call a “big insurance bill,” because it mandates everybody to buy a private insurance product—which I think is nuts; I can’t think of any similar situation in the history of the United States, where a state ordered everybody to buy a private product. But the other thing is that Vermont just passed a similar type of bill, a little less oriented toward the insurance companies, but still dependent upon the theory that the insurance

companies will somehow come up with a way to make this all work.

Our bill in Pennsylvania rejects that; we are a single-payer system that doesn't use the insurance companies. Still, I think with the example of two other states passing legislation, I think that those who might have thought that this required a Federal solution or nothing, now have to ask themselves, is this really the truth?

EIR: It would seem to me that your legislation parallels the efforts on the Federal level, Congressman Conyers' bill. Is that the case?

Larchuk: There are many similarities, in the sense that it is a single-payer universal system. I think that the major difference, is that the Conyers bill contemplates having the Federal government buy the private hospitals and convert them into non-profits. Our bill in Pennsylvania does not do that; we believe that if we can just change the way we collect the money, and allocate the money and find a lot more efficiencies, we can permit the private sector to function the way that it should, with the theory that if you have a better mouse trap, the people will come to you. Let that system continue to work, and we think it can work. But with that said, there is a lot that is similar as well.

EIR: Are you finding constituency support, from unions and other bodies like city councils and so on?

Larchuk: This particular proposal has already been endorsed by the city councils of Philadelphia, Pittsburgh, and Erie—the three largest cities in Pennsylvania, and they are in three different corners of the state. And yet all of them voted it up without objection, not one person on any of those city councils voted against it. We have a long list of other endorser groups, like the American Medical Students Association and District 10 of the United Steelworkers union. Many groups have stepped up and endorsed this bill as not just a good idea, but a great idea, and one that deserves to be debated and voted on by the legislature.

EIR: And to sum it up?

Larchuk: I would encourage every state to stop wringing their hands and pretending like the problem is too big to solve. We can solve it, we must solve it. You have to have the courage to start with a blank sheet of paper and to put something down and not be embarrassed that someone will think ill of you for it.

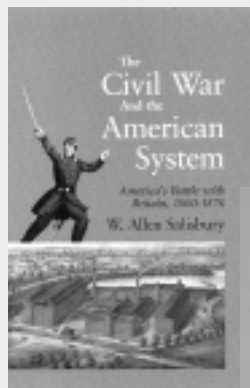
That is what we have done here in Pennsylvania, and every state is going to have to do it sooner or later—so the sooner the better.

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The American System of Political Economy

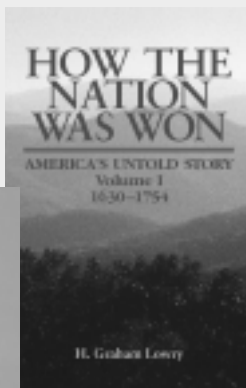
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The Development of American Machine Tools

by Pamela Lowry

Huge mountains of Iron Ore are already discovered; and vast Stores are reserved for future Generations: This Metal, more useful than Gold and Silver, will employ Millions of Hands, not only to form the martial Sword, and peaceful Share, alternately; but an Infinity of Utensils improved in the Exercise of Art, and Handicraft amongst Men. Nature thro' all her Works has stamp'd Authority on this Law, namely, "That all fit Matter shall be improved to its best Purposes." Shall not then those vast Quarries, that teem with mechanic Stone,—those for Structures be piled into great Cities,—and those for Sculpture into Statues to perpetuate the Honor of renowned Heroes; even those who shall NOW save their Country. O! Ye unborn Inhabitants of America! Should this Page escape its destin'd Conflagration at the Year's End, and these Alphabetical Letters remain legible,—when your Eyes behold the Sun after he has rolled the Seasons round for two or three Centuries more, you will know that in Anno Domini 1758, we dream'd of your Times.

—Nathaniel Ames, in his *Boston Almanac for 1758*

Many of the *Boston Almanac's* readers wanted future Americans to have the opportunity to read what Ames had written, and so instead of throwing it into the fire at the end of the year, which was the usual way of disposing of almanacs, they put it away carefully in a trunk or desk drawer. Because of the care they took, the original copies of this almanac are still widely available today. And what does this have to do with machine tools? Everything, but unfortunately the U.S. Congress and the financial managers of the automobile industry seem completely incapable of grasping the connection.

"Machine Tools" is not a phrase you hear very often these days, and you would be hard-pressed to find it in an index of books on America's economic development, or biographies of inventors. Yet, machine tools and their relatively small group of designers are the lifeblood of a modern industrial economy. A nation which does not have a supply of machine tools is doomed to third- or fourth-world conditions. It's that simple: If the United States loses the machine tool capability embedded in its automotive sector, it gives up its ability to function as an industrial power.

Several officials of the United Auto Workers have stated

the obvious, that there is really no problem with the auto industry because its machine tools "can make anything."¹ "Oh, no you don't!" comes the answer from the Globalization crowd. "We want to rule the world, and if you keep producing and making a better life, we won't be able to order you around."

The Americans of 1758 were very familiar with that policy, for Great Britain had just passed the Iron Act of 1750, which forbade its American colonies to produce worked iron products. Nevertheless, Americans continued to produce iron in locations more distant from the prying eyes of British enforcers, and by the time of the Revolution, Americans were producing one-seventh of the world's iron. The American Revolution and the War of 1812 were fought against that type of miserable repressive policy, which always seeks to put a lid on human creativity and production.

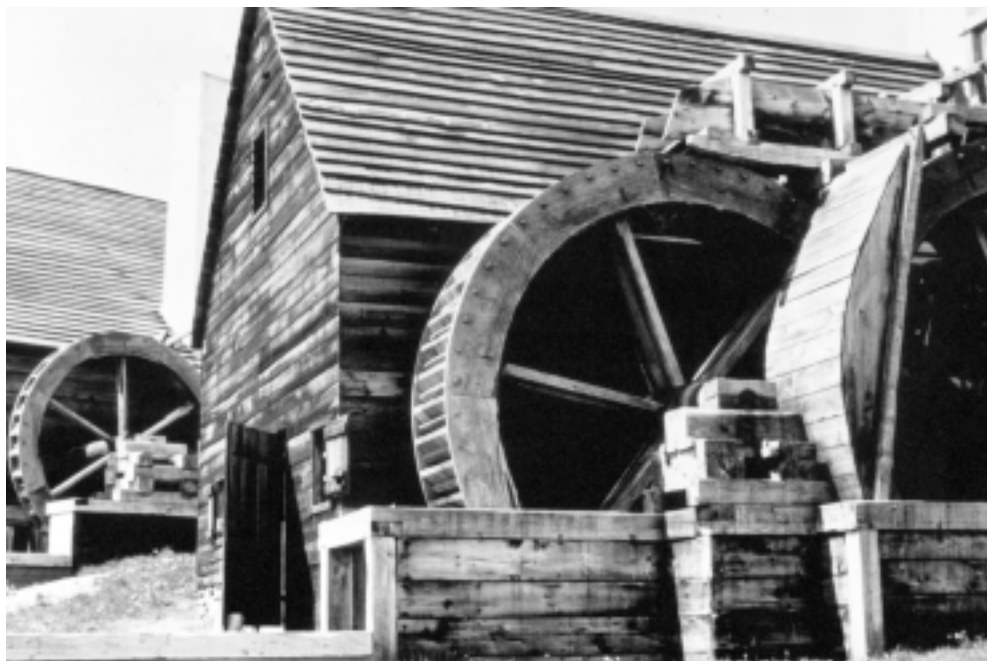
What the Americans of 2006 have lost sight of, is that the development of the nation's crucial reservoir of machine tools began as a conscious policy of the new United States government, and was brought into being by government partnership with private entrepreneurs. And, at crucial points in our history, further industrial development depended upon government intervention.

Throughout this process, it was taken as a matter of course that machine tools could be converted from one product to another, as the need arose. This retooling has happened again and again in American history, as a logical outcome of technological progress. In fact, it is the characteristic feature of machine tool development, which is never static, but always forges ahead with making improvements in what machines can do, and turns scientific discoveries into products which work for the benefit of man.

Creating a Republican Workforce

The United States of America had not even passed one decade under its Constitution when the government began a process of creating a technological innovation in production. It required four to five decades to bring the process to fruition, but it succeeded and spread to other industries and other nations. The new method was the production of muskets with

1. See interviews on LaRouche PAC's "Auto and World Economic Recovery" DVD, available at www.larouchepac.com.



The Saugus Iron Works in Massachusetts was established in 1647 as a complete iron-manufacturing establishment. The mechanics who trained here, moved out all over the colonies, to train others and set up new iron works. Here, a view of the rolling and slitting mill, powered by water wheels.

water-powered tools and with interchangeable parts, instead of handcrafted guns, which could not be repaired by using parts from other weapons. Gearing up for that type of production led to the design and construction of many types of machine tools. Once the basic prototypes of machine tools, such as millers and lathes, were up and running, they could be used to form many different products, including other machines.

The story of American machine tool development actually begins in the very early days of the Massachusetts Bay Colony, which had been founded in 1630 as a republic dedicated to the general welfare. The Massachusetts General Court (the name for the legislature) voted large subsidies for manufacturing, and John Winthrop, the leader of the republic, sent his son to England to recruit skilled labor for an iron-manufacturing facility. John Winthrop, Jr., returned in September of 1643 with men and equipment, and by 1647 the Saugus Iron Works had been completed.

The General Court had granted the company a 21-year monopoly, the necessary land, and a 10-year tax exemption. The conditions for the grant were that the company had to develop a complete iron-manufacturing establishment, from blast furnaces and forges to rolling and slitting mills. The company would only be permitted to export iron after the needs of Massachusetts Bay were met.

The rolling and slitting mill, powered by water wheels, was a very large machine tool, drawing malleable iron between rollers, which produced rods of several thicknesses. The thinnest of the rods were hammered into nails, a very necessary and valuable commodity. Bar iron was used for casting domestic implements and iron tools. By the end of its first year, the Saugus works was producing eight tons of

wrought iron a week, way beyond the output of the finest iron works in England.

Dating from the founding of Saugus Iron Works, there is no break in the development of the American iron industry. Mechanics from Saugus fanned out all over the American colonies, spreading knowledge about industrial processes, as they trained other mechanics, and setting up hundreds of new ironworks. One example is provided by Joseph Jenks, an original Saugus mechanic, who designed and made machines for drawing wire, and also built a fire engine for Boston, the first one used in America. His son, also named Joseph and also an ironmaster, moved to Narragansett Bay and founded Pawtucket, one of the early centers of industrial development. The next Joseph Jenks, also an industrialist, became governor of Rhode Island.

The same was true of families named Leonard, Wilkinson, Brown, and Greene, including Revolutionary War General Nathaniel Greene, who had a cannon factory at Coventry, Rhode Island. A Wilkinson family member named David, who experimented with the steamboat, invented a slide lathe, which was patented in 1797. Although Wilkinson made patterns of his lathe which could be purchased for \$10, he made little from it at the time. But 50 years later, Congress voted him \$10,000 “for benefits accruing to the public service for the use of the principle of the gauge and sliding lathe, of which he was the inventor.” This core group of largely New-England-based mechanics and entrepreneurs was utilized by the fledgling U.S. government to test and build the system of machine-tool-based production.

The large number of mechanics in New England is generally attributed in history textbooks to the poor quality of the

rocky soil and the shortage of labor, which “naturally” led to other occupations besides farming, and to the invention of labor-saving devices. But there are many areas of the world with poor soil and small population densities that do not abound in mechanics. It was the republican culture of New England that fostered the creativity shown by its citizens.

The New Federal Government Sponsors a Technological Revolution

Even though America won its revolution against the British Empire, it faced an uphill battle to develop its resources. Feeling no gratitude whatsoever for the major contributions made by an American, Benjamin Franklin, to create the industrial revolution in Britain, America’s former “Mother Country” flooded the new nation with her manufactured goods, dumping them at prices below cost. Britain’s aim was to discourage American manufactures, drive those already existing into bankruptcy, and reestablish America’s dependence on the British Empire.

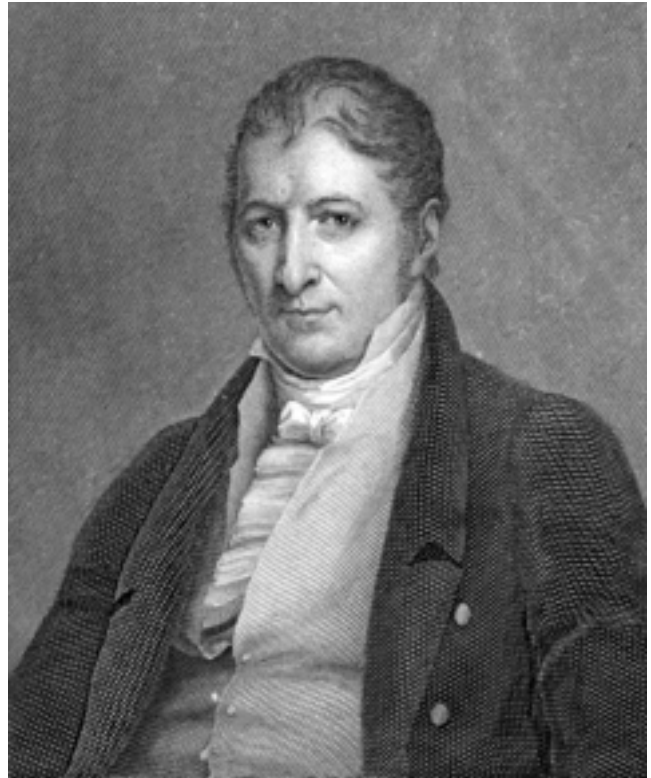
Parliament also passed stringent laws forbidding any technology transfer to its former colonies, and Britain policed its ports to prevent the emigration of skilled industrial operatives to America. A few enterprising mechanics, however, such as Samuel Slater of cotton-manufacturing fame, made it through by posing as simple rustics.

The motivation for this technological apartheid was not simply monetary advantage: The British Empire planned to recapture America, whether by economic or military means. Military means were tried in the War of 1812, and a surrogate military power, the Confederacy, was deployed in 1861. After the Union victory in the Civil War, Britain relied more heavily on economic techniques and various forms of corruption.

By the mid-1790s, the nation of France, America’s former ally and the European leader in technology, had been devastated by the British-orchestrated Terror. To make matters worse, the newly installed government of “Revolutionary” France was hurling provocations at America, which threatened to lead to war. In this perilous situation, the Federal Government, under the Administration of President John Adams, made the decision to force a technological breakthrough.

This came in the form of a contract with Eli Whitney, which was the largest one the government had made to date. The contract specified that Whitney would produce 10,000 “stands of arms” to be delivered within 28 months, at a cost of \$134,000. This was an unheard-of number of muskets in an incredibly short period of time, for up to that point, all guns had been slowly and painstakingly hand-crafted. The private gun shops, no matter how large, could never have fulfilled that contract, and the new federal armories at Springfield, Massachusetts, and Harpers Ferry, Virginia, had not yet been able to produce even 1,500 firearms in a year.

But Eli Whitney proposed to manufacture arms on a “new principle.” He wrote about it to Secretary of the Treasury Oliver Wolcott in May of 1798, saying: “I should like to undertake the manufacture of ten to fifteen thousand stand of



Library of Congress/Portrait by Mr. King

American inventor and manufacturer Eli Whitney undertook to fulfill a large government contract for firearms in a short time, at the end of the 18th Century, by basing the manufacturing on a “new principle.” He used mechanization to eliminate much of the hand labor and made uniform parts for the arms. Later, he pioneered the manufacture of arms that had interchangeable parts, accurate to tolerances of 1/30th of an inch.

arms. I am persuaded that Machinery moved by water adapted to this Business would greatly diminish the labor and facilitate the manufacture of this Article. Machines for forging, rolling, floating, boring, grinding, polishing, etc. may all be made use of to advantage.”

After he had spent a year constructing his factory and training his workers, Whitney wrote again to Wolcott: “One of my primary objectives is to form the tools so that the tools themselves shall fashion work and give to every part its just proportions, which once accomplished, will give exceptional uniformity to the whole.”

Oliver Wolcott was a protégé of Alexander Hamilton, having served under him as Assistant Secretary of the Treasury during George Washington’s Administration. Like Hamilton, Wolcott believed that the government could play a crucial role in developing manufacturing, and he was convinced that Whitney could establish an armory based on the most advanced technology.

Eli Whitney had grown up on a Massachusetts farm, where he spent his spare time putting his considerable mechanical talents to work, repairing violins and iron implements. During the American Revolution, he made nails in his

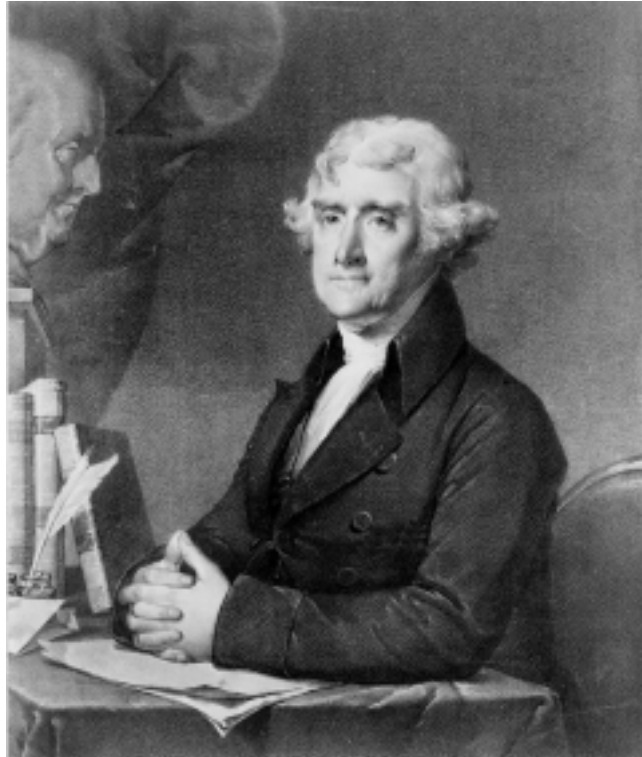
father's workshop and saved enough money to pay for tuition at Yale. There, he supplemented his savings by repairing the college's scientific equipment. His invention of the cotton gin as a favor to the widow of Revolutionary War General Nathanael Greene earned him fame, but very little money. It did, however, give him basic experience in designing a factory and training workers. Early support for Whitney's endeavor came not only from Oliver Wolcott, but also from Vice President Thomas Jefferson. Although Jefferson idealized an agricultural society, he believed in using the most advanced technology for that society. At his home, Monticello, he not only bought one of Whitney's cotton gins, but he installed a nail-making machine and one of Oliver Evans' completely mechanized flour mills, and later he purchased Evans' powerful high-pressure steam engine.

At the time of the 1798 government contract for arms, Jefferson was looking for a way to implement a process of arms manufacture that he had seen when he was the American Ambassador to France from 1785 to 1789. After the defeat of France in the French and Indian War, French General Jean-Baptiste de Gribeauval, the Inspector General of Artillery, proposed that muskets be manufactured with interchangeable parts. The inspector of three French Royal Arsenals, Honoré LeBlanc, developed a method which resulted in at least an approximation of interchangeability. In August of 1785, Jefferson had written to John Jay, asking that Congress be informed of the method and its possibilities. Jefferson attempted to bring LeBlanc to America, but did not succeed.

A Committee of the French Academy of Sciences confirmed the validity of LeBlanc's system, but when the French Revolution entered its British-controlled phase, both the Directory and then Napoleon rejected LeBlanc's method. But there was also another way in which the concept of interchangeability came to America. The Continental Army had depended heavily on French arms and equipment, and the French officers who came here spread the ideas of French military practice and technology. After the Revolution ended, some French officers continued to serve in America, and others returned from France later, as fugitives from the Terror.

One of these was Major Louis de Tousard, who had served under Lafayette and joined the U.S. Corps of Artillerists and Engineers when it was created in 1795. Tousard participated in designing fortifications, and taught his fellow officers the principles of artillery and engineering that he had learned in France. He also wrote a proposal in 1798 entitled "Formation of a School of Artillerists and Engineers," which he sent to the Secretary of War, James McHenry. It was a blueprint for the future West Point, based on French military and engineering experience.

President George Washington suggested to Tousard that he write a book on artillery, and it was published in three volumes in 1809 as the *American Artillerist's Companion*. The work became the standard textbook for American military officers at posts around the nation, as well as for the cadets



Library of Congress, Pendleton's Lithography

Thomas Jefferson, although he idealized an agricultural society, believed in using the most technologically advanced machinery, and he fully supported Whitney's efforts to invent labor-saving devices.

at West Point. In his book, Tousard stressed the importance of "a system of uniformity and regularity," in arms and in military practice. One officer who served with Tousard was Col. Decius Wadsworth, who became the first U.S. Chief of Ordnance. From that position, Wadsworth did everything he could to help develop mechanized production and the interchangeability of parts.

The System of 'Armory Practice' Begins

Eli Whitney and Thomas Jefferson had become friends when Jefferson bought one of Whitney's cotton gins, and the two shared an enthusiasm for labor-saving inventions. When Whitney began to build his factory on a river north of New Haven, Connecticut, he incorporated the idea of interchangeable parts into his production plans. But at America's current technological level, with no help coming from enemy Britain or from former ally France, Whitney knew he faced an uphill battle. As he wrote to Wolcott, the difficulty was that, "A good musket is a complicated engine and difficult to make, difficult of execution because the conformation of most of its parts correspond with no regular geometrical figure." In addition, what machines there were at the time were constructed of wood and iron, malleable substances that were not capable of producing parts which varied by only very minute tolerances.



These are machine tools—lathes for gun-making—at the Harpers Ferry, West Virginia, museum. The Harpers Ferry Arsenal was established by President George Washington. It became a laboratory for checking the worth of proposed inventions.

EIRNS/Colin Lowry

Nevertheless, Whitney wrote to Wolcott that his aim was “to make the same parts of different guns, as the locks, for example, as much like each other as the successive impressions of a copper-plate engraving.” To begin, Whitney broke down the production tasks into their component parts and trained his workmen to perform one “single and simple operation” at a time. He designed a series of “jigs and fixtures” which fixed the parts and tools into their relative positions for each operation, so that the cutting of the part by the tool would be correct and consistent. Whitney had to hire largely unskilled workers, because those skilled in the mechanical arts generally moved from workshop to workshop. This peripatetic tendency was beneficial for spreading new production techniques, but it often gave headaches to the employers.

Whitney’s unskilled workers often developed into highly skilled operatives, and Whitney noted that he was making armorers as well as arms. Many an unskilled worker progressed to supervisor, and then to entrepreneur with his own machine shop, training other workers to follow in his footsteps.

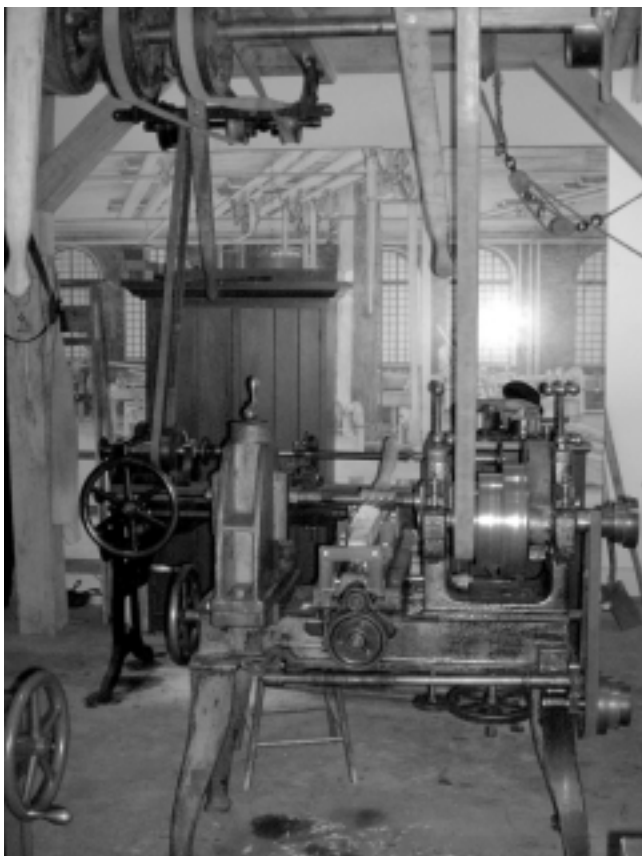
By January of 1801, Whitney still had not produced a single musket, because it had taken several years to set up the new system. The government was questioning whether he could fulfill his contract, and so Whitney took some of the gun parts that his company had produced and brought them to Washington. There, in a meeting attended by outgoing President John Adams, soon-to-be-President Thomas Jefferson, the Secretaries of War and Treasury, and leading Congressmen and military officers, Eli Whitney fitted together various musket parts using only a screwdriver. The parts had

been finished by hand-filing to make them correspond, but many of the tolerances in his metal parts, molds, hammers, and gears were measured to 1/30th of an inch, which was excellent for the time. It was only by the end of the 19th Century that 1/1,000th of an inch tolerances were obtained.

The attendees at the meeting were encouraged, and Whitney continued his work. By that time, only 1,000 of the 32,000 muskets ordered by the government had been produced by all the private government contractors combined. Most of the contractors, working on the old handcrafting system, were substantially behind, or had gone bankrupt, highlighting the need for Whitney’s new industrial technology. Although Whitney did not deliver all of the 10,000 muskets until eight years after the start of his initial contract, his production methods had improved so substantially by the War of 1812, that he was able to deliver 15,000 high-quality firearms on time, under a new contract.

More important, Whitney’s production system was adopted by the Federal Government for its arsenals at Springfield and Harpers Ferry. It became known as “armory practice,” and Whitney and his coadjutors continued to press for ever-increasing improvements. Two of Whitney’s allies were Thomas Jefferson and Robert Fulton. Inventors such as Fulton were very dependent on mechanics, who could design tools and machine tools that would turn their inventions into reality.

Whitney and his two friends were members of the West Point Military Philosophical Society which had been founded by Jonathan Williams, the great-nephew of Benjamin Franklin. The Society was the repository for the records of the Corps



EIRNS/Colin Lowry

Another view of gun-making lathes at the Harpers Ferry museum.

of Engineers, and held its meetings in various cities to discuss and disseminate technological innovations. This was one way in which the details of armory practice reached other parts of the country. Another means adopted was for the U.S. Government to require the use of new methods in its contracts with private entrepreneurs. In 1813, the War Department made a contract for pistols with Simeon North of Connecticut, which specified that “the component parts are to correspond so exactly that any limb or part of any one Pistol may be fitted to any other Pistol of the twenty thousand.” North adopted Whitney’s system, and in 1816 he designed and built a milling machine, a machine tool that could cut and shape a flat or curved iron surface.

Just the year before, Col. Decius Wadsworth, chief of the U.S. Ordnance Department, had called for an important meeting at Eli Whitney’s establishment in New Haven. In addition to Wadsworth, the participants included Whitney, Roswell Lee, the director of the Springfield Armory and a former employee at Whitney’s factory, and James Stubblefield, the director of the Harpers Ferry Armory. After intensive discussions, the participants agreed on a strategy for standardizing the manufacture of arms, not just between the two government arsenals, but also between the arsenals and the private contractors.

The Springfield Armory, located within a dense network of New England mechanics’ shops, would manufacture inspection gauges, and all components would be measured against the master gauge for that particular type of piece. The U.S. Arsenals would serve as research laboratories as well as production facilities, and private contractors were to be given access to their discoveries and offered generous terms so that they could retool their shops to meet government requirements.

In this process, American mechanics invented machine tools such as milling and grinding machines and the turret lathe, which held a succession of tools which could be swung into place to fashion the piece being worked. Springfield’s director, Roswell Lee, travelled extensively, coordinating with Harpers Ferry and looking for technological improvements at the private machine shops, as well as sharing new ideas with them. A number of barrel-turning lathes were developed in the Springfield area, and that of Thomas Blanchard in 1819 used a mechanism that traced the form of a metal gun barrel and reproduced the model in wood. Blanchard was brought to the Springfield Armory and subsidized by the government, to enable him to perfect his invention and build his machine. It became part of a sequence of 14 machines for making gun-stocks that virtually eliminated manual labor from much of gun manufacturing, and was adopted at both Federal arsenals.

The U.S. Arsenal at Harpers Ferry had been established by President George Washington on the shortest route to America’s Northwest Territory, a site on the under-construction Potomac Canal. The area lacked the surrounding machine shop infrastructure possessed by the Springfield Armory, but the proximity of the nation’s capital made Harpers Ferry a laboratory for checking the worth of proposed innovations. One of these innovators was John H. Hall of Maine, who proposed to manufacture the breech-loading rifle he had invented, rather than the standard muskets which had to be loaded at the barrel.

Hall’s manufacturing operation at first used space in the Federal arsenal itself, but after a few years it moved across the narrow peninsula to its own rifle works on the Shenandoah River. Hall designed 63 separate gauges to monitor the accuracy of his products, and invented the concept of the “bearing point.” This consisted of a single reference point on the work-piece, from which all other fixtures were measured.

Hall’s costs were high, but he was backed by George Bomford, a West Pointer and engineer who had succeeded Decius Wadsworth as head of the Ordnance Department. Through his wife, Bomford was related by marriage to statesman and poet Joel Barlow, and Bomford had invented a powerful cannon which he named the “Columbiad” in honor of Barlow’s poem. The Barlows had been close associates of Robert Fulton during his steamboat experiments in France, and thus were part of the inventor/entrepreneur/mechanic circles who were eager to see further industrial development.

Hall ran into fierce opposition because of his costs and the

jealousy of Superintendent Stubblefield, who resented Hall's semi-autonomous status; but each time a government inspection team visited Hall's works, it was impressed by Hall's accomplishments. Finally, on March 8, 1827, Hall was given a government contract which specifically made his primary function the development of machine tools. His salary was doubled, and he was to produce 3,000 rifles a year with a royalty of one dollar for each one produced, a royalty paid not for the guns but for the use of machines "for cutting metallic substances," which Hall had patented. In addition, Hall agreed to improve "the methods of conducting the business" and to perfect "the machinery therefore."

Hall built his machines of very heavy forged iron and wood to compensate for variations in tolerance caused by motion or malleability of the machine itself. He used large and small drop forging machines with dies to compress and shape iron, a process which had been attempted by Honore LeBlanc in France many years before. Drop forging was also being installed by the Jenks and Leonard families, now in the fourth or fifth generation since the Saugus Iron Works, and there was much give and take of technical information among these private works and the national armories.

The Crystal Palace Exhibition

By the 1830s and 1840s, American machine tools were coming into their own. In 1834, Simeon North copied John Hall's gauges, which enabled him to interchange the parts of rifles made at his factory with those made at the U.S. Arsenal at Harpers Ferry. "Armory practice" was being extended to other types of manufacturing by arsenal workers who accepted other employment, and it was having particular success in the New England clock manufactories.

Eli Whitney died in 1825, the same year as his supporters John Adams and Thomas Jefferson. But his son, Eli Whitney, Jr., carried on his father's manufacturing business and outlook. One day in early 1847, Whitney, Jr. was visited by Samuel Colt, who had designed a six-shooter revolver. Colt was a colorful character who had been apprenticed by his father to a sea captain heading for India, after two of young Sam's fireworks displays for the Fourth of July had ended in blazing disaster. Colt designed a six-shooter gun, but technical problems plagued him, and he made the money he needed for further research by giving public lectures on the effects of laughing gas, with audience participation. Through the influence of the Texas Rangers and the endorsement of Sam Houston, Colt was able to obtain a government contract to produce a thousand of his revolvers, but he had no factory to produce them.

So Colt offered Eli Whitney, Jr., an unusual contract: Colt would pay Whitney to manufacture the guns, but then he, not Whitney, would own the machines. Whitney eventually accepted, designed the machines, and allowed Colt to stamp the guns with his name. Colt lost money on his government contract, but he took the machine tools and installed them in a factory in Hartford, Connecticut. This was probably the first

time an entire factory of machine tools had been set up in one company by another.

Colt prospered and set up another factory in London. He hired and trained the workers, but after a number of years there were so many difficulties that he had to shut it down. There was too much British Government red tape, and the workers, used to the medieval craft system, tended to be inflexible and unable to produce a standard product. There were some excellent machine tool designers in Britain, but the machine tool itself was regarded as a craft object, and the concept of interchangeable parts seemed unattainable and, to many, unnecessary.

In the spring of 1851, Great Britain opened a world's fair in an iron and glass building dubbed the "Crystal Palace." All nations were invited to exhibit their products, and Britain, regarding itself as the "workshop of the world," was eager to showcase its accomplishments and also to see what it might need from others, especially as it still pursued a policy of breaking up or recapturing the United States.

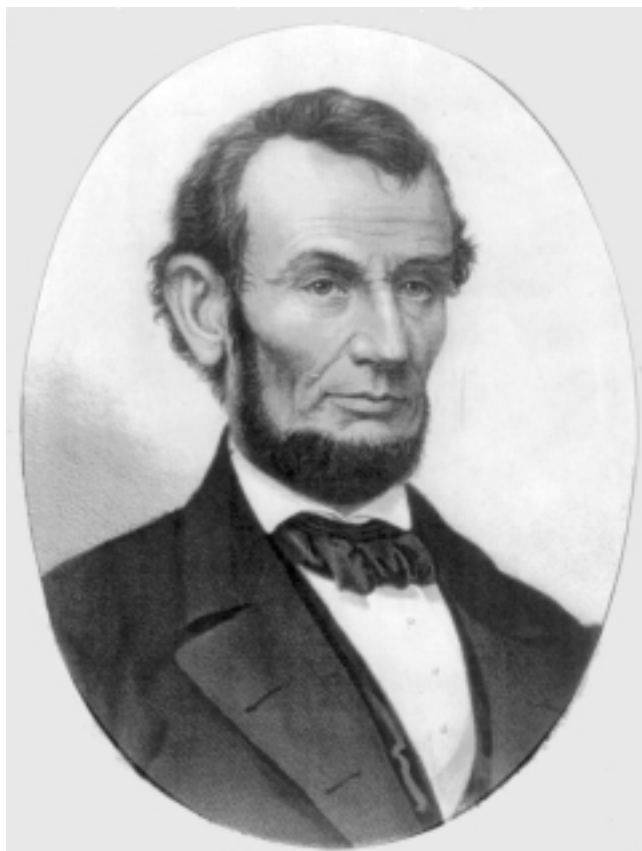
The American exhibit was small and located in too large a space, and at first it produced nothing but scorn on the part of those who viewed it. Queen Victoria herself stated that she saw nothing interesting in it, and when that remark became known, some Southern newspapers started making derogatory comments about the Northern industries that had produced some of the exhibits. But when the exhibition's judges started to test some of the American machines and inventions, the tide turned. The McCormick reaper won a Council Award, and Goodyear's lifeboat, Chickering's piano, and Colt's revolvers all won praise.

The Robbins & Lawrence Company of Windsor, Vermont, had sent a set of their Sharps rifles, which were made with completely interchangeable parts. Increasing numbers of British military officers came to see this exhibit, and their pressure on the British Army Ordnance Department finally resulted in the founding of a Small Arms Committee which was to travel to the United States and view the armory system in operation. The Committee was allowed to visit the Springfield Arsenal and to watch production at a number of other firms.

As a result, the British contracted for their Enfield Armory (where armorers had been producing weapons at their individual benches), to be completely fitted out with 157 American machine tools, including 74 universal millers. The U.S. Government, which at this point was controlled by pawns favorable to British Imperial policies, allowed supervisors and workmen from the national arsenals to go to Britain and work at Enfield. This was the origin of the Enfield rifle. Many of these Americans did not return until right before the outbreak of the Civil War.

Winning the Civil War

President Abraham Lincoln was faced with a monumental task when the South seceded and war broke out. The United States was bordered by British Canada on the north, where



Library of Congress

President Abraham Lincoln was an advocate of new technologies for weapons manufacture, and often tested new gun designs himself, beyond the White House back lawn. Under Lincoln, America's machine tools and manufacture greatly expanded to meet the wartime needs.

British intelligence agents ran safehouses for Confederate agents and planned strategy to defeat the Union. Almost all the Crowned Heads of Europe supported the Confederacy, and in 1864 Napoleon III of France sent his troops to support Archduke Maximilian's installation as "Emperor" of Mexico. This would provide an open road south for the expansion of a slave empire from the Confederacy.

Because of its slave-based culture and economy, the South had little industry, but it was willing to use what the North had created. On April 18, 1861, the Confederates captured the U.S. Arsenal at Harpers Ferry and shipped off the machine tools, rifles, and other equipment by wagon and rail to Richmond. The Confederacy was also able to accumulate 400,000 Enfield Rifles by purchasing them in Britain before the war, or by sneaking them in around the Union blockade after hostilities began. The Enfield Rifles had been built by machine tools that the Confederates could not produce, and, like the British Empire, the Confederacy's leaders hated and feared the culture that had created them.

President Lincoln, an inventor himself, was ready and willing to give a hearing to any technological improvement

that could help the Union win the war speedily. But he faced an Army Chief of Ordnance who was fixated on the fact that the Union Army was using many types of muskets and rifles with many different calibers of bullets. Because of the difficulty of supply, General James W. Ripley was dead-set against developing any new weapons, no matter how useful.

Lincoln had less trouble with the Navy, and he spent many days at the Washington Navy Yard, watching weapons tests and talking with inventors. When it came to the Army, inventors knew Lincoln would meet with them and try to get around Ripley. One example was the inventor Christopher Spencer of Manchester, Connecticut, who had been a workman at the Colt Armory. Spencer had patented a repeating rifle in 1860, and brought one of them to the White House in 1862.

So many inventors of guns had visited Lincoln, that he had set up a simple rifle range on the open ground beyond the White House back lawn. When Spencer came, they went out and shot at a board. Spencer reported later that Lincoln was a good shot, but that he tore his coat in the process of testing the rifle. The President remarked that Spencer shouldn't worry about it, because he "never had anything of value in it to lose." Lincoln succeeded in convincing Ripley of the value of the repeating rifle, and by the end of the war the government had ordered 200,000 of them.

The need for armaments, both existing and newly invented, caused a great expansion of America's machine tool supply. Two mechanics who produced arms for the Union during the Civil War set out to establish a uniform set of measurements and gauges in both America and Europe, which would firmly establish the machine tool industry's ability to produce absolutely interchangeable parts. One was Francis Pratt, who completed his apprenticeship with a Lowell, Massachusetts, machinist and eventually went to work at the Colt Armory. Two years later, Pratt became foreman of the Lincoln Iron Works and worked on designing and producing the "Lincoln Miller" for the Colt Armory. This all-purpose miller became the leading American machine tool, used for producing a multiplicity of products. More than 150,000 of these millers were eventually produced and sold throughout America and the world.

While Pratt was at the Lincoln Iron Works, he arranged for a fellow worker at the Colt Armory to join him. This was Amos Whitney, born in Maine and a member of a branch of Eli Whitney's family. Whitney had previously worked for the Essex Machine Company, which built cotton spinning machinery, locomotives, and machine tools. The two friends rented a small room and began to produce Lincoln Millers while still keeping their jobs at the iron works. With the advent of the Civil War, they moved into gun manufacturing, but when the war was over, they formed the company of Pratt & Whitney to manufacture machine tools. Like many others before them, they had progressed from apprentice to journeyman to foreman to partner in a firm.

Establishing Accuracy in Measurement

What distinguished Pratt & Whitney from many others with equally talented employees was its partners' decision to explore the basic principles of machine design and measurement. By the Civil War, mechanics were measuring in terms of 32s of an inch, but the actual size of that inch was still not established, and varied widely, as did the foot and the yard. Francis Pratt decided to establish the actual size of those measurements and to invest in research on hardening steel so that a product could not only be worked to an accurate size, but its material would also be able to maintain that exact dimension. Accuracy from product to product, and from machine tool to machine tool would ensure the production of truly interchangeable parts in large quantities and at a much lower cost.

As Secretary of State, John Quincy Adams had written a major history of weights and measures; and Alexander Dallas Bache at the Coastal Survey, which included the Bureau of Standards, had worked to coordinate Federal measurements with those of the states. This work was complemented by Pratt and Whitney, who established a Gauge Division which set itself the task of establishing a practical standard inch of exact dimensions. The work was completed over a number of years, and the standard was accurate to millionths of an inch.

This project required cooperation with scientists, and in 1879 came an opportunity to work with an eminent astronomer. William A. Rogers was a mathematician, physicist, and astronomer who then worked at Harvard University's observatory. He was put in charge of the newly erected 8-inch meridian circle, and his chief task was the observation of the catalogued stars between 50-55 degrees north declination. This was part of an international project by the German *Astronomische Gesellschaft* (Astronomical Society) to establish the accurate positions of all of the sky's brightest stars.

In 1879, Rogers was sent to Europe by the American Academy of Arts and Sciences to obtain copies of the British imperial yard and the French meter. Pratt & Whitney entered into a cooperative agreement with Rogers and his assistant, George Bond, to develop a machine which could make absolutely correct measurements within a limit of one 50/1,000ths of an inch. After obtaining the British and French standards, as well as a copy of the United States Standard Yard, all three were painstakingly compared with the copies which Rogers had made for Pratt & Whitney. To do the work of comparison, the two scientists developed a large machine called the Rogers-Bond Comparator.

By 1880, Pratt & Whitney had a set of master bars, accurate within millionths of an inch, and these became the standard for its machines and products. By 1885 the company had developed its own Standard Measuring Machine, which could construct and duplicate recognized standards of length. Although modern standard measurement of the meter has progressed to being based on the wavelengths of the orange-

red radiation of krypton 86, and not on metal bars, Pratt & Whitney's establishment of exacting standards for American machine tools ensured their use around the world.

Retooling As a Given

Throughout the development of American machine tools, flexibility was an important factor. The mechanics and machine tool designers, often united in the same person, could design machines for making arms, clocks, railroads, or other machines. The all-purpose machines, such as millers, planers, drillers, and so on, could be used for many different products. A machine to bore the barrel of a rifle could also drill a hole in the crankshaft of an automobile, so that oil could reach the bearings. And so companies which had produced arms during the Civil War had no trouble in converting to making sewing machines, typewriters, or bicycles. Lincoln's policies for credit and industrial development during the war served as the basis for a rapidly growing economy, one which amazed those who had thought that America would be prostrated by the conflict. Instead, many European nations rushed to emulate the American system.

The machine tools of the late 19th Century began to be powered by electricity, rather than water or steam. Central to this development was the work of Thomas Edison, whose research laboratories at West Orange, New Jersey, contained a large machine tool shop. Edison's machine tools were used to develop prototypes of his many inventions, and then to produce them.

The turn of the century saw the development of two inventions which were linked, and which have epitomized the concentrated use of machine tools. The automobile and the airplane both relied on the bicycle makers and their machine tools for their early development. The Wright Brothers both repaired and made bicycles in their small shop, and used the principles of balance and lightness of materials to advantage in their development of the airplane. Henry Ford constructed his prototype automobile partly from bicycle parts and the principles of bicycle construction.

In the early part of the 20th Century, there was much give and take between airplane and automobile makers, and World War I caused several auto makers to move into airplane production. Henry Ford, who was a great admirer of Thomas Edison, grasped some of the implications of machine tool development very early in his automotive career. He enjoyed walking through the assembly area of his Highland Park plant and chatting with the workers. If a new employee was struggling with his machine, he would stop and show him how it was done. Afterwards, he would say: "That's what they make these machines for—to do the work. You don't want to work. When you go home you don't want to be tired. When you go home to your family you want to feel good."

Ford was always on the lookout for better ways to do things. He introduced the assembly line into production, sponsored research on vanadium steel—a particularly hard type of



FDR Library

President Franklin Roosevelt, here with plant workers in 1943, in Tulsa, Oklahoma. Roosevelt relied on America's machine tool capability, which his policies had preserved during the Depression, to mobilize industry to meet the demands of winning World War II. America quickly became the "Arsenal of Democracy."

the metal—and when his staff found a more efficient machine tool, they scrapped all the older models. The most spectacular example of machine tool replacement occurred in the mid-1920s, when the falling sales of the original Model T forced the company to design a new Model A, which required the purchase of 4,500 new machine tools. And all the automobile manufacturers became known for their retooling efforts each year, when their cars' new models came out, an effort to keep sales up by constantly changing the product.

America Becomes the Arsenal of Democracy

Because America's machine tool base had been preserved by President Franklin Roosevelt's policies during the Great Depression of the 1930s, the United States was in position to combat the growing fascist threat in Europe and Asia, but much still had to be done. In a message to Congress on January 12, 1939, the President reviewed the unprepared state of America when World War I began, citing the fact that it had taken at least a year to gear up, and that even in the autumn of 1918, American troops at the front were using French or British artillery and aircraft. Roosevelt cited the fact that he had already warned Congress, "We must have armed forces and defenses strong enough to ward off sudden attack against strategic positions and key facilities essential to ensure sustained resistance and ultimate victory." He had also warned them, "We must have the organization and location of those key facilities so that they may be immediately utilized and rapidly expanded to meet all needs without danger of serious interruption by enemy attack."

In addition to asking for appropriations to modernize the armed forces, Roosevelt told the Congress: "I suggest approximately \$32,000,000 for 'educational orders' for the Army—in other words, to enable industry to prepare for quantity production in an emergency, of those military items which are non-commercial in character and are so difficult of manufacture as to constitute what are known as 'bottlenecks' in the problem of procurement."

By early August, a War Resources Board had been established to coordinate with the Army and Navy on developing an Industrial Mobilization Plan, and the work was completed by late November. Because of the breakout of war in Europe, FDR had proclaimed a Limited National Emergency in September, which was aimed at "the proper observance, safeguarding, and enforcing of the neutrality of the United States and the strengthening of our national defense within the limits of peacetime authorizations."

On May 26, 1940, Roosevelt delivered a Fireside Chat on the subject of national defense. He said that the Government, working with industry, was determined to increase the aviation industry's capacity to be able to produce 50,000 planes a year. He also talked about forcing necessary scientific and technological breakthroughs: "In this era of swift, mechanized warfare, we all have to remember that what is modern today and up-to-date, what is efficient and practical, becomes obsolete and outworn tomorrow. Even while the production line turns out airplanes, new airplanes are being designed on the drafting table. Even as a cruiser slides down the launching ways, plans for improvement, plans for increased efficiency



Ford Motor Company

The vast Ford Rouge complex in Dearborn, Mich. epitomizes the industrial development of America, building on the machine tool principles inaugurated in the 1600s.

in the next model, are taking shape in the blue-prints of designers.”

Echoing the intention of the Massachusetts Bay Republic in giving government credit to the Saugus Iron Works, and the U.S. government policy of developing mechanized machine tools and interchangeable parts, Roosevelt said: “I know that private business cannot be expected to make all of the capital investment required for expansions of plants and factories and personnel which this program calls for at once. Therefore, the Government of the United States stands ready to advance the necessary money to help provide for the enlargement of factories, the establishment of new plants, the employment of thousands of necessary workers, the development of new sources of supply for the hundreds of raw materials required, the development of quick mass transportation of supplies.”

Because President Roosevelt also understood the concept of the general welfare, he stated that Americans must make sure, “in all that we do, that there be no breakdown or cancellation of any of the great social gains we have made in these past years. We have carried on an offensive on a broad front against social and economic inequalities and abuses that had made our society weak. That offensive should not now be broken down by the pincers movement of those who would use the present needs of physical military defense to destroy it.”

President Roosevelt set up a Commission and Council of National Defense and named William S. Knudsen, the president of General Motors and a former executive at the Ford

Motor Company, to serve as Director General of the Office of Production Management. Henry Ford, who had strong pacifist leanings and had spent a short time on the board of the isolationist America First Committee, reluctantly constructed the huge Willow Run airplane plant that produced both planes and the Pratt & Whitney engines that powered them.

On Dec. 29, 1940, President Roosevelt again addressed the nation over the radio. Over the preceding months, he had criss-crossed the nation inspecting the gear-up of its industrial plants, which were producing materiel to support Britain and Greece in their struggle against the Axis Powers, as well as preparing for the onslaught against America which was to come. On Oct. 30, he had visited the U.S. Arsenal at Springfield and the Pratt & Whitney plant in Hartford, Connecticut.

Speaking about the retooling going on in industries across the nation, Roosevelt stated that “American industrial genius, unmatched throughout the world in the solution of production problems, has been called upon to bring its resources and its talents into action. Manufacturers of watches, farm implements, linotypes, cash registers, automobiles, sewing machines, lawn mowers, and locomotives are now making fuses, bomb packing crates, telescope mounts, shells, pistols, and tanks.”

There were industrialists, such as Henry J. Kaiser, who were known as “all-outers,” people who were gladly willing to expand capacity to stop fascism. There were others, however, who were lukewarm about expansion, fearing that they would be faced with idle capacity when the war ended. Presi-



U.S. Office of War Information

Inside the Ford Rouge plant in 1944, where automobile machine tools were retooled for war production. As Roosevelt said, "American industrial genius, unmatched throughout the world in the solution of production problems, has been called upon to bring its resources and its talents into action." Today, we need to mobilize again for the survival of the nation and the world.

dent Roosevelt addressed this problem: "Our defense efforts must not be blocked by those who fear the future consequences of surplus plant capacity. The possible consequences of failure of our defense efforts now are much more to be feared. After the present needs of our defenses are past, a proper handling of the country's peace-time needs will require all the new productive capacity—if not more."

Towards the end of his radio broadcast, Roosevelt made his famous statement: "We must be the great arsenal of democracy. For us this is an emergency as serious as war itself. We must apply ourselves to our task with the same resolution, the same sense of urgency, the same spirit of patriotism and sacrifice as we would show were we at war."

The Attack Today

Today, the American auto industry and its workers are under an attack which threatens to destroy our nation itself. While Americans are distracted by the supposed "War Against Terror" at the front door, the Synarchist International has sneaked around to the back door, and is selling off America's patrimony for a mess of potage. They are selling the machine tools not for the profit involved, but to deprive the United States of the ability to resist their intention to install a bankers' dictatorship enforced by private armies.

There is a solution available: The foundation was laid by America's Founding Fathers and used by President Franklin Roosevelt. The auto industry is America's prime example of retooling capability; and U.S. government credit to turn its

excess capacity over to producing much-needed infrastructure such as railroads, power plants, and water management systems makes perfect sense. Lyndon LaRouche has produced a draft outline of the legislation which is needed to carry this into effect.² What is needed are Congressmen who will introduce such a bill and "now save their country." In a desperate situation such as this, members of Congress have to be reminded that they are the representatives of the real sovereigns of America—the American people. President Roosevelt said it well in 1940: "For more than three centuries we Americans have been building on this continent a free society, a society in which the promise of the human spirit may find fulfillment. Comingled here are the blood and genius of all the peoples of the world who have sought this promise.

"We have built well. We are continuing our efforts to bring the blessings of a free society, of a free and productive economic system, to every family in the land. This is the promise of America.

"It is this that we must continue to build—this that we must continue to defend.

"It is the task of our generation, yours and mine. But we build and defend not for our generation alone. We defend the foundations laid down by our fathers. We build a life for generations yet unborn. We defend and we build a way of life, not for America alone, but for all mankind. Ours is a high duty, a noble task."

2. "The U.S. Economic Recovery Act of 2006."

SCO Summit Revives Model of 'Eurasian Land-Bridge'

by William Jones

On the occasion of its fifth anniversary, the Shanghai Cooperation Organization (SCO) held its annual summit meeting in the city of its founding, Shanghai, China. Lasting three days, June 14-16, the meeting brought together not only the heads of state of the member nations of the SCO, but also the four observer nations, including India, Pakistan, Iran, and Mongolia, representing the overwhelming majority of the world's population. Also present were representatives of the United Nations and the Association of Southeast Asian Nations. A special invitation had been extended to Afghanistan's president, Hamid Karzai, who was also in attendance.

The spirit of cooperation exuded at the summit stands in stark contrast to the war-mongering policies of the Cheney-Rumsfeld Administration, which has already perpetrated a destabilization of Iraq, and is now on the warpath against Iran. The Cheneyacs have not at all been happy about the SCO summit, which was attended by Iranian President Mahmoud Ahmadinejad, whom they have placed next in line on their "regime change" target list. Rumsfeld growled publicly about the attendance of the Iranian President at the Summit, because one of the organization's goals is to fight terrorism, and Rumsfeld considered the Iranian President a supporter of terrorism.

The Eurasian Land-Bridge Revisited

The SCO had been founded as the Shanghai Five, which comprised Russia, China, and three Central Asian nations, Kazakhstan, Kyrgyzstan, and Tajikistan (later expanding membership to Uzbekistan), and its prime purpose was to fight terrorism and assist in preserving peace and stability in the volatile Central Asian region. This remains a major task, and the summit signed ten documents, at least four directly related to such efforts. But the organization has broadened its area of activity considerably, and is beginning to form itself

into a forum for economic development in Eurasia as a whole, converging more and more on the development perspectives laid out by Lyndon LaRouche and Helga Zepp-LaRouche in the 1997 *EIR* publication, "The Eurasian Land-Bridge: The New Silk Road, a Locomotive for Development."

The *EIR* report, which circulated widely in the countries of today's SCO, outlined the need for development of rapid rail transportation systems, serving as 'corridors of development,' around which could be constructed industrial complexes, needed to lift the peoples of the region out of their poverty and devastation. In a comment for a Moscow radio station, which aired on June 15, statesman and economist Lyndon LaRouche reiterated that vision, "The new world economy which must arise, quickly, from the ashes of the present monetary-financial system, must be organized around the conception of Eurasia's leading role in global perspective based on the same kinds of goals for the world at large." (For his full statement, see this issue's editorial.)

The first day of the conference was largely devoted to private meetings and to discussions of the economic issues. The SCO had also brought together the representatives of more than 500 enterprises. On the sidelines of the conference's first day, more than \$2 billion in contracts were inked, including a highway project connecting Uzbekistan and Tajikistan, two high-voltage electricity lines in Tajikistan, a cement plant in Kyrgyzstan, and a hydropower station in Kazakhstan.

In addition, China and the other SCO members are working on 127 joint projects covering the areas of trade, investment, customs, finance, taxation, transportation, energy, agriculture, technology, telecommunications, environment, health, and education. The regional bloc has set up seven specialist panels to study and coordinate action in such fields as customs, transportation, energy, and telecommunications.



Russian Presidential Press and Information Office

The Shanghai Cooperation Organization is causing conniptions among Cheney's perpetual war faction, by dramatically expanding its drive for economic cooperation and development. Here, heads of state of the SCO nations, meeting on June 14 in Shanghai, China. From left: Uzbekistan's Islom Karimov, Kyrgyzstan's Kurmanbek Bakiyev, Russia's Vladimir Putin, Tajikistan's Emomali Rakhmonov, China's Hu Jintao, and Kazakhstan's Nursultan Nazarbayev.

At the conference, China also committed to providing up to \$900 million in loan guarantees for projects in the SCO region.

The economic dynamic of the SCO cooperation was most clearly outlined by Kazak President Nursultan Nazarbayev in his comments at the open forum of the leaders. Calling for a revival of the "Ancient Silk Road," Nazarbayev underlined the absolute importance of the transportation links for uniting the region and providing economic development. In the words of Russian President Vladimir Putin, the goal is to "transform Central Asia into a dynamic part of the world economy."

More important, although the summit did not broach the question of the imminent blowout of the international financial system, the members did take concrete measures for providing the financing mechanisms for the numerous infrastructural projects they have undertaken. In their comments at the open forum, both Presidents Putin and Nazarbayev noted that the SCO would set up an SCO banking consortium to coordinate financial arrangements among the regional nations. Similarly, they have set up an SCO Business Council to facilitate economic agreements among firms involved in the SCO region.

A New 'Good Neighbor Policy'

The consolidation of the SCO as a regional cooperation organization has also thrown a monkey-wrench into the Cheney-Rumsfeld drive for world empire. Under the mantle of the "Global War on Terror," Rumsfeld had begun setting up military "lily-pads," in the region of Central Asia, ostensi-

bly to deal with the terrorist threat, but in reality as outposts for destabilizing China and Russia. When the Cheney-Rumsfeld crowd started with another of its "color revolutions" in Uzbekistan and Kyrgyzstan, as had been done earlier in Ukraine and Georgia, the governments of these Central Asian nations realized that the real goal of the U.S. policy was "regime change" rather than "fighting terrorism." The Uzbeks then asked the United States to close its operations at its airbase in Uzbekistan, while Kyrgyzstan expressed a clear wish for the U.S. Administration to set a date for the withdrawal of the troops stationed on its soil.

While the Cheney-Rumsfeld crowd has been "baring its teeth" to the world, the SCO has established the "Shanghai Spirit," a spirit of openness in which the countries of the region can come to a resolution of any differences they may have, in a spirit of comity and tolerance for their different cultural heritages.

That spirit was in clear evidence

throughout the SCO summit, with numerous cultural events from all the nations interspersed among the business meetings. This contrasted sharply to the straitjacket uniformity which the Bush Administration has been attempting to impose on the world community as a whole. No doubt the jackals of the "clash of civilizations" have reason to howl at the successful summit, which has proven itself a welcome counterpole to the war-mongers of the Rumsfeld-Cheney crowd. The interest of the other nations in the region in the SCO forum, nations which presently are actively involved only as "observers," bears witness to that fact.

At an open session with the other heads of state, Ahmadi-najad said he was "happy to be the first President of Iran to attend an SCO summit." "Our people have lived together for 1,000 years in this region with shared hopes," he said. "The cultural and economic exchanges have continued for centuries and the contacts have deeply penetrated our culture, influencing the art and the architecture of the nations." Cooperation can "prevent interference from other countries in the internal affairs of our nations," he noted. He then proposed that the countries gathered at the SCO meeting agree to hold a conference on energy and energy delivery systems in the region. He offered to host such a conference in Tehran, a proposal which has received a positive response from the other countries.

Although the issue of the Iranian nuclear program was not a topic of discussion for the meeting, the occasion did provide an opportunity for private discussions with both the Chinese and the Russian leaders on that issue. At a press conference

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



after a bilateral meeting with the Iranian President, Putin said that Iran's reaction to the six-party proposal offered on the nuclear issue had been positive, and that Iran was willing to begin talks around that proposal.

The Shanghai Cooperation Organization has definitely established itself as a major institution of stability and development in the area, and it is determined to establish a "new norm of international relations." That norm would be based on the "Shanghai Spirit," featuring mutual trust, mutual benefit, equality, consultation, respect for multi-civilizations, and pursuit of common development.

"The norm is of critical importance to the international community's pursuit of a new and non-confrontational model of international relations, a model that calls for discarding the Cold War mentality and transcending ideological differences," said an SCO declaration signed at the annual summit meeting.

President Putin noted that the SCO countries had agreed to develop a strategic partnership based on "common views." At the same time, he said that the SCO remains open to the outside world, and is not a "private club." He encouraged the SCO to extend its relations to the countries of the Commonwealth of Independent States, as it continues to do with other international organizations. Putin also emphasized the impor-

tance for understanding the cultural diversity of this populous region, and he called for greater efforts in the area of culture and education, including the establishment of an SCO youth association.

In his comments at the forum, President Hu Jintao proposed the formation of a convention featuring lasting "good neighborhood" relations and cooperation within the SCO framework. "We should respect and support the interests of all SCO member countries," Hu said. The members should "enhance coordination and cooperation on international and regional issues," and enter into "timely consultations on measures to cope with major international and regional issues." Hu added, "We hope the international community could respect the social system and road of development independently chosen by SCO member countries and observer countries, respect their internal and external policies of peace, friendship, and cooperation based on their own domestic situation, and create a harmonious and easy environment for their development."

Although this may be the case for the world at large, to which this development should give great hope, there are no doubts now that a number of people are chewing that well-gnawed rug in the office of the U.S. Vice President, and plotting new schemes to destabilize the countries of the region.

Cheney Pushing To Escalate Israeli-Palestinian Conflict

by Dean Andromidas

The latest cycle of violence between Israelis and Palestinians threatens to spin out of control and throw the region into a new and more brutal military confrontation, leading to hundreds of casualties on both sides. On top of this, intra-Palestinian fighting threatens to erupt into civil war between the Fatah and Hamas, which could bring on a total collapse of the Palestinian National Authority.

Although it may be easy to blame hot-headed Israeli generals and Palestinian militants for the rapidly deteriorating situation, the real blame lies directly with Vice President Dick Cheney, and his drive for continuing war in Southwest Asia, including a danger of a June strike on Iran. The policy of the Bush Administration and the EU has been to cut hundreds of millions of dollars in aid to the Palestinian National Authority, cuts that mean mass starvation and Warsaw Ghetto-type conditions in the occupied West Bank and the besieged Gaza Strip.

In an international webcast on Feb. 23, shortly after the Hamas election victory, Lyndon LaRouche warned that now was the time to launch a peace initiative, and not to declare war on Hamas. He answered a question about what U.S. policy should be toward the victorious Hamas, saying: “You do not want to start a fighting line on this. Crazy ‘Mrs. Booty’ Rice—the worst possible thing imaginable! You don’t want to start, dictate, ‘We don’t like you. We won’t give any money if you are there’—no, that’s only stupid politics! You say ‘Okay, now you’ve got the government. What do you want to *do*?’ You don’t shut off the money, you increase it! You give something to Israelis. You increase it.

“In other words, you redefine the geometry of the situation, so that you create the condition where people don’t shoot. Why? Because they’ve got something else they also want.”

LaRouche went on to say that redefining the geometry requires a policy of broad economic development centered on the region’s desperate need for water and infrastructure projects. “What you need for the whole area is nuclear power, to help us have enough water, and the prospect of a decent life. Then you have to somehow manage the situation, on the basis that you’re creating something positive in the area. And

on the basis of doing that, you can win more and more people to your side. . . . The basic problem is, LaRouche said, that the people are “hungry! They’re desperate! They’re hungry. They haven’t got anything. So, give them better conditions of life.”

The Bush Administration did the very opposite of what LaRouche proposed, and continued the policy of chaos and war throughout the region, as planned by Dick Cheney and his neo-con advisors.

In the week beginning June 9, the cycle of violence has left dozens of Palestinians killed or wounded, including two massacres in the Gaza Strip where an Israeli naval artillery shell struck the beachfront, wiping out an entire family, including children. This was followed within 48 hours by another massacre in the Gaza city of Rafah, where a helicopter gunship fired rockets at a truck carrying Palestinian militants, killing seven civilians and wounding dozens of others. Meanwhile, Palestinian militants have fired dozens of home-made Qassam rockets from Gaza into neighboring Israeli communities, wounding several people.

Rocket Attacks and Israeli Response

The targetted assassination of Hamas militant leader Abu Samhadana resulted in calls for the end to the *Hudna*, or cease-fire, during which most Palestinian militants have refrained from carrying out terror attacks for more than a year.

In response to the Qassam rocket firings into Israel by militants in Gaza, the Israelis have threatened to target Hamas government officials. On June 12, Tzachi Hanegbi, the Knesset member for the ruling Kadima party and head of the Knesset Foreign Affairs and Defense Committee, declared that a “confrontation between Israel and Hamas is inevitable.” In a direct threat, Hanegbi warned that unless the rocket attacks stopped, Hamas Prime Minister Ismail Haniyah would suffer the same fate as Hamas leaders Sheik Ahmed Yassin and Abdel-Aziz Rantisi, who were assassinated by Israel. At the same time, the Israeli Defense Force has let it be known that it “will go crazy” if Qassam rockets continue to be fired.

Meanwhile, armed clashes between Hamas and Fatah factions have left several Palestinians dead and dozens wounded.

LaRouche: Targetted Killings Are 'Nazi-like'

On June 9, Lyndon LaRouche was asked to give an assessment of the claims by George W. Bush, Tony Blair, and Donald Rumsfeld, that the death of Iraq-based al-Qaeda leader, Musb al-Zarqawi, was a "victory" in the war in Iraq. The questioner also pointed out that U.S. Congressman John Murtha (D-Pa.) has said that Iraq has moved to a full-scale civil war and U.S. troops must leave, and that Sen. John Kerry (D-Mass.) has called for withdrawal by the end of the year.

LaRouche replied: "I would make a very simple statement, in part, on this, though it requires more attention, of course. I would say, well, since we have an act of murder committed—and this was simply an act of murder, which settled absolutely nothing. Killing individuals does not settle issues of this type. Whether he was, or was not, a Shia agent or whatever, is irrelevant. That killing was a

Nazi-like act of murder, and that is what we've been protesting against in the United States, and talking about the barbaric acts, about some action organizations in military and operation sections in the CIA in the past. This is what we said we must not do. You do not go out and take out people for political reasons, because they're your enemy! Because what you do is you sow dragon's teeth. You spread the disease. You spread the conflict. We didn't *have* to do it. Somebody wanted to do it because they had a political ego trip they wanted to make. Period!

"Now, that is all the more reason for supporting Kerry's motion. Because the United States government under the present administration can't be trusted with anything that looks like war, or occupation of war. We've got to get the United States government out of that area, for the simple reason that one of these Congressmen will simply not say: The U.S. government under its present Presidency can not be trusted with the conduct of war, or the declaration of war. It's corrupt, we should have impeached it! And whatever happens to us, if we don't impeach it or get it out some way, we're guilty of everything it does."

It is not surprising that this latest round of violence began when Israeli Prime Minister Ehud Olmert returned from Washington, where he held a well-publicized meeting with President George W. Bush and spoke before Congress. Not well reported was his meetings with Vice President Dick Cheney and Defense Secretary Donald Rumsfeld, both of whom support the most extreme Israeli positions, especially that of right-wing former Prime Minister Benjamin Netanyahu. Revealing the intentions of Cheney's office towards Israel and Palestine, has been the "amen chorus" of neo-con think-tanks in the Cheney orbit, including the Jewish Institute for National Security Affairs (JINSA), the Center for Security Policy, and the American Enterprise Institute, which are spewing out hysteria against the elected Hamas government, and against Israel's withdrawal from illegal settlements in the Palestinian territories.

Immediately on Olmert's return from the United States, a new round of Israeli military attacks on Palestinians began, including "targetted" assassinations that have killed numerous civilians.

Prisoners' Letter Vs. Unilateralism

Prior to his departure for Washington, the issuance of the "Prisoners' Letter," authored by imprisoned Fatah and Hamas leaders, laid out a common program for unity between the two organizations, which would have provided the basis for opening up negotiations. (See *EIR*, "Israelis See Palestinian Letter As Opening for Peace," June 9, 2006.)

Subsequently Palestinian President Abu Mazen convened

a national dialogue conference, bringing together all the Palestinian factions, where the prisoners' letter would serve as a basis for National unity. After the Hamas leadership balked at adopting the letter, Abu Mazen called for putting the letter before a referendum, to be held at the end of July. Although criticized by Hamas, Abu Mazen's call has strong support throughout the Palestinian population. It also had support from a former head of the Mossad, a former head of the Shin Bet, and other Israelis.

As soon as Olmert returned from Washington, however, he publicly attacked the prisoners' letter as representing nothing that could promote peace or provide a basis for negotiations. "The referendum is an internal game between one faction and the other," Olmert said. "It is meaningless in terms of the broad picture of chances towards some kind of dialogue between us and the Palestinians. It's meaningless."

Olmert also attacked Abu Mazen (Mahmoud Abbas) saying, "Mr. Abbas will not be able to get away by saying I forced a referendum that accepted a program which is far behind the basic principles that the international community has defined anyway."

It is surprising that Olmert has been able to make such uncompromising statements, after his convergence plan, calling for *unilateral* withdrawal from part of the West Bank *without negotiations* with the Palestinians, received a cool response during his recent official visits to Great Britain and France. Neither British Prime Minister Tony Blair nor French President Jacques Chirac would endorse Olmert's plan, and they called for a negotiated settlement with the Palestinians.

Expert Says Israeli Artillery Killed Civilians

After claims by the Israeli army that Israeli artillery fire was not the cause of the June 9 deaths of seven civilian Palestinians who were picnicking on a beach in Gaza, Human Rights Watch, a U.S.-based non-governmental organization, called for an independent investigation. The group said that "Israel should immediately launch an independent, impartial investigation," of the incident, with the inclusion of international experts. It also called on the Palestinian National Authority to allow the investigators onto the scene.

Marc Garlasco, a former battle damage assessment officer for the Pentagon, who is now with Human Rights Watch, was the first independent examiner to visit the site in Gaza last week, reported the *Irish Examiner*.

Garlasco said that after retrieving shrapnel from the car where two children were wounded from the blast, and examining craters on the beach, and photographic evidence of the victims who died, he was "convinced this was from an Israeli shell." Whether the shell was fired from artillery guns offshore, or had been buried in the sand, was not known, he said. There were numerous other offshore strikes that day, one shell landing just 100 meters from where the people were killed.

—Michele Steinberg

Although officially the Bush Administration has not endorsed Olmert's plan, despite the warm welcome given to the Israeli Prime Minister by President Bush, it has yet to be revealed what Dick Cheney thought of the plan after his meeting with Olmert. What is obvious to everyone, is that the Bush Administration will *not* do what is necessary to achieve a regional peace settlement, and so the conflict will continue.

Report: U.S. Policy Leading to Civil War

A new report released on June 13 by the International Crisis Group documents how the policy of cutting off funds to the Hamas-led Palestinian National Authority, implemented by the United States and backed by Israel and the Europeans, is driving the Palestinians into a civil war. The report further charges that instead of endeavoring to promote unity between Fatah and Hamas, in an effort to moderate Hamas's traditional hard-line positions, the United States has appeared to bolster Fatah against Hamas, a clear recipe for civil war.

"The U.S., Israel, and, to a lesser degree the European Union and other actors, are banking on financial pressure

and diplomatic boycott to ensure Hamas's experience in power comes to a rapid, unsuccessful end," the report states. "In so doing they have chosen to bolster one Palestinian faction against the other, thus exacerbating internal strife. However, punitive measures are likely to generate greater solidarity with Hamas, and prompt radicalism rather than pragmatism."

The Crisis Group's senior analyst, Mouin Rabbani, stated: "Taking the lead in defining the international communities' objectives, the U.S. appears intent on ensuring the new government fails. That's a dangerous path: If Hamas feels cheated of its right to govern, it is unlikely to go quietly."

The report was drafted under the direction of the Crisis Group's director for the Middle East, Robert Malley, who served in the Clinton Administration as a senior advisor on the Middle East.

"Starved of resources, confronting an increasingly hostile population, and unable to realize its agenda, Hamas may well fail. But with intra-Palestinian confrontation, heightened Israeli-Palestinian violence, and a collapse in Palestinian institutions, it will be hard to chalk up its failure as anybody's success," Malley warned. "The time now is for pragmatism," he said, "lest all emerge as losers."

Political figures within the region have been working to resolve the conflict among the Palestinians. Egyptian President Hosni Mubarak continues to use his good offices to try to bring unity to the various factions. Jordanian King Abdullah, who recently met with President Bush, European leaders, and Prime Minister Olmert, said that Olmert's unilateral "convergence plan" is totally unacceptable. Mubarak and Abdullah have been joined by King Abdullah of Saudi Arabia, in efforts to break the financial siege against the Palestinian National Authority.

A senior European Middle East expert expressed a similar assessment, telling *EIR* that the United States and Europe are doing nothing to stop the escalating violence, as Palestinian and Israeli extremists move to prevent negotiating an agreement. On the one hand, he said, the Israeli establishment does not want to negotiate with the Palestinians; they want to build their wall and wait for a new Palestinian leadership to emerge. This will never happen, the source said. On the other hand, the leadership of Hamas, especially those living outside the territories, do not want to recognize the state of Israel because non-recognition is their *raison d'être*.

Praising the prisoners' letter, the source said it was a good initiative because it embarrassed both the Israeli and the Hamas extremists, who are, in fact, working along parallel lines. At the same time, he said, it bridged the differences between Fatah and Hamas, in order to open the way for Israeli-Palestinian talks.

Concurring with LaRouche, the source said that the real problem is the Bush Administration's policy and the fact that the Europeans are doing nothing. The only way to end the violence is to get both parties to the negotiating table.

Peruvian Elections: Defeat for Synarchism

by Luis Vásquez Medina

The second round of the Peruvian Presidential elections represented a significant setback for the international Synarchist plan to turn Peru into a narco-republic, and to submerge the entire South American continent into chaos and destabilization. On June 4, the Peruvian electorate chose to give the Presidency, for a second time, to social democrat Alan García, who won with 52% of the votes, versus the 47% given to Ollanta Humala.

As García himself was the first to admit, his victory was primarily due to the “loaned” vote that the citizenry gave him, to prevent Humala from taking power. Despite the “anti-neoliberal” demagoguery that Humala presented throughout his campaign, in an attempt to benefit from the population’s widespread rejection of free-market policies, the majority of the Peruvian electorate said “no” to the Synarchist project that ultimately had as its goal the legalization of drugs, the encouragement of ethnic and regional separatism, and the fostering of “ungovernability” that the Cheney/Rumsfeld crew seeks as a pretext to intervene militarily in the continent.

In large measure, the vote of the Peruvian electorate—above all in the capital city of Lima, where García surpassed Humala by 1 million votes—was determined by the widely circulated analysis of international Synarchism put out by Lyndon LaRouche. The book *Return of the Beasts: The International Neofascism Behind the Humala*, which was edited by EIR, and distributed by the Peruvian LaRouche Youth Movement (LYM), helped to open the eyes of the population about the Synarchist conspiracy in their midst. It could even be said that the publication of that book in early 2005 represented a turning point in the popular perception of the Humala phenomenon, for it is in there that the Humala movement is scientifically identified as neofascist, a term that was afterwards adopted by the Peruvian media in discussing the Humala clan. More than one and a half million people who attended the International Book Fair in Lima in July 2005, passed by the LYM sales table, where a display of the book gave the details of the international origins and connections of the Humalas. *Return of the Beasts* was one of the most widely sold books at that fair.

Distribution of the book by LYM squads in Peru since then, which continued right up to the eve of the second-round election, was met by threats, harassment, and other

forms of aggression by the Humala campaign. In fact, it was so risky selling the book at Lima intersections, that there wasn’t a day that LYM organizers weren’t cursed, spat at, and even stoned by Humala’s thugs. On the other side, there were also many people who offered us their thanks for daring to publish the truth. Indicative of the state of affairs was the comment of popular television host Cecilia Valenzuela, who gave a book-selling LYM squad a thumbs’ up as she passed by, and then exclaimed, “Hey kids, aren’t you afraid of getting shot?”

A Partial Confession

Despite the fact that Fernán Altuve—a leading agent of the new Synarchist International, close associate of Spanish fascist Blas Piñar, editorialist for the Synarchist magazine *Los Maritornes*, and key operator in the Humala conspiracy—hysterically insisted to LYM organizers that they were unjustly attacking him, and that he had no contact with the Humala clan, the reality is that near the end of the electoral campaign, he went public with his ties to the Humalas. On May 29, in an interview with Lima television, Altuve was directly asked about this, and declared that he “respects Ollanta Humala, and has spoken with him every day since 2000.” Altuve angrily added, “Those who are denouncing Humala are nothing more than Johnnies-come-lately, who don’t know what nationalism is; he is more nationalist than all of them put together.”

Relations between the Humalas and this agent of Blas Piñar have been a matter of public record, acknowledged several times by Ollanta Humala himself. Humala has repeatedly defended Fernán Altuve from attacks by members of his own movement, who questioned Altuve’s self-promoting activities. With the shout “Nobody touches my friend,” Ollanta Humala publicly stopped criticisms of Altuve from within his movement on a number of occasions.

International Repercussions

The greatest repercussions from the defeat of Synarchism will be on the regional level. In fact, the Synarchist goal with Humala’s victory was to push the nascent Ibero-American “Presidents’ Club” into a sterile confrontationist posture toward the United States, consolidating the so-called “Red Axis” led by Venezuelan President Hugo Chávez and Cuba’s Fidel Castro, and dragging Bolivia’s Evo Morales and the rest of the Ibero-American Presidents away from the constructive approach that Argentine President Néstor Kirchner has defined, in the midst of the worst financial crisis in history. The Humalistas themselves declared that, once in power, “Peru would join the revolutionary axis,” referring to the integration agreement between Cuba, Venezuela, and Bolivia. In the middle of the electoral campaign, one of the leading spokesmen for Humala’s party, Congressman-elect Daniel Abugattas, said that “the party of Ollanta Humala is already thinking of bringing Peru into the Trade Treaty of the People, which will



radiobras/Ricardo Stuckert/PR

Alan García (left), elected President of Peru on June 4, must join the Ibero-American "Presidents' Club" of Argentina's Kirchner, Brazil's Lula da Silva (shown here, right), and Chile's Bachelet, who are trying to implement a constructive program to confront the crises hitting the continent.

be subscribed tomorrow with the governments of Bolivia, Venezuela, and Cuba, and from that, we will propose the use of a zero tariff and free buying and selling of coca."

As the *EIR* book on the Humala conspiracy makes clear, drug legalization is at the very center of that program, and a key political objective of the Synarchists. This position, sometimes camouflaged as a defense exclusively of the coca leaf, was definitively exposed, following the first electoral round, by the words of the new Congresswoman to the Andean Parliament, Elsa Malpartida, a coca-farmer leader and one of the leading figures of the Humala movement. In a statement March 23 to the Lima press, the former *cocalero* leader from the Upper Huallaga Valley said, "It is not enough for the cultivation of coca leaf to be legalized; what is truly at stake is the legalization of cocaine, since the war against drugs has been a fiasco, and the only benefit that prohibition has brought is to the mafias, just like occurred with the prohibition of alcohol in the 1930s in the United States."

Alan García's Challenge

President-elect Alan García is clearly facing an uncomfortable moment. On the one hand, he will have to defend the nation from the damage wrought by the explosion of the worst economic crisis in history, and while he has publicly stated that we are in the midst of "a world economic boom," the puncture of the financial bubbles, above all the commodities' bubble, may force him back to earth even before he takes office on July 28. If García tries to assume the role of a lackey in the service of the lunatic imperial policy of Bush and

Cheney—as some are pressuring him to do, along the lines of the outgoing Toledo Presidency—the political cost will be extremely high for him.

So therefore, García must understand that the high vote Humala received, rather than being an endorsement of the fevered ideas of this Synarchist, represented in fact a popular repudiation of the current liberal economic system and of the Free-Trade Agreement. And thus, the only viable path for the second García Administration is to join the Ibero-American Presidents' Club of Kirchner, Brazilian President Lula da Silva, and Chilean President Michelle Bachelet, who with a constructive program, are trying to confront the current insanity coming out of Washington. García has already sent emissaries to Argentina and Chile, and is preparing a tour of those countries to be conducted be-

fore assuming office.

On the other hand, García will have to continue to contend with the Synarchist phenomenon, which although defeated at the polls, is preparing to carry out brutal opposition to his government. After finally acknowledging García's victory, Ollanta Humala has declared that he does not consider himself defeated, and that, on the contrary, he believes that he has obtained "a social and political victory." He immediately launched the formation of the Nationalist People's Front, which in Ollanta's words, will have the most powerful congressional bloc.

This front has already been joined by the most recalcitrant groups of the Peruvian left, which had disappeared from the Peruvian political scene in past elections. Among the first to respond to Synarchism's call were: the party of Patria Roja, supporters of the Sendero Luminoso (Shining Path) terrorists; the pro-violence grouplet of Javier Diez Canseco; the National Leftist Movement of Alberto Moreno, who did not even garner 15,000 votes in the last election; the teachers' union SUTEP; a large part of the leadership of the pro-Communist CGTP trade union federation; and the fire-brand union of civil construction.

However, the bulk of the Nationalist People's Front proposed by Humala will be made up of associations of coca-growing farmers, or *cocaleros*, all of them directly manipulated by the drug trade. This sector will be led by the National Federation of Cocalero Basins of Peru, headed by Nelson Palomino, the *cocalero* leader who has just gotten out of prison.

Now, More Than Ever: Impeach Dick Cheney

by Jeffrey Steinberg

"If Vice President Dick Cheney is not impeached by the U.S. Congress or otherwise forced from office during the immediate weeks ahead, the United States will probably not survive the onrushing global financial explosion that is coming before the end of the year, and before the November 2006 midterm elections."

This is the latest assessment from Democratic Party statesman and leading political economist Lyndon LaRouche. LaRouche's forecast of a global financial crisis before the end of the third quarter of 2006 has been seconded by many leading American and European economists, who see the combination of commodity hyperinflation, out-of-control hedge fund speculation, unsustainable levels of government deficits—particularly in the United States—and the collapse of physical production in the economies of North America and Europe, as nearing a break point. A systemic crisis is going to erupt before the end of the year—barring the kind of major policy change that can only come from the United States, and only after a radical, top-down shakeup in the U.S. Executive Branch.

In a series of speeches, interviews, and private discussions since the beginning of June, LaRouche has dramatically upped the ante, by calling on the U.S. House of Representatives to launch impeachment proceedings against Cheney, as a prelude to a complete change at the White House. "There are," LaRouche told one prominent Washingtonian in a June 14 discussion, "a number of members of the House of Representatives who agree with me that Vice President Cheney has to be impeached. There is as much anguish over the White House's misguided policies among House and Senate Republicans, as there is among Democrats. The bipartisan combination is there to do the job. Once articles of impeachment have been drawn up and voted by the House of Representatives, and passed to the U.S. Senate, Cheney will go."

"This seemingly inconceivable change in the institution of the U.S. Presidency," LaRouche continued, "will occur. It will be crisis-driven. The detonator is the now-unavoidable collapse of the global financial system."

LaRouche harkened back to the Dec. 7, 1941 attack on the U.S. naval installation at Pearl Harbor. LaRouche was 19 years old at the time of the attack, and was attending a Sunday business meeting in New York City, when the announcement came about the Japanese bombing. "Instantaneously, everything changed. The psychology of the American people changed, in an instant. Actions that seemed impossible just moments before, now were obvious. The nation mobilized for war, and the underlying republican culture of the United States—the unique outgrowth of our Constitution—was re-kindled." LaRouche asserted that the onrushing global financial crisis, when it hits, will have precisely this kind of "Pearl Harbor effect."

The Bill of Indictment

While White House political strategist Karl Rove was breathing a sigh of relief, following the June 12 announcement by his attorney, that Special Counsel Patrick Fitzgerald would likely not seek his indictment in the Valerie Plame Wilson leak probe, there was no joy at the Office of the Vice President. The decision not to indict Rove places the entire focus of Fitzgerald's efforts on the Vice President—personally. In a series of legal filings in *U.S.A. v. Lewis Libby* during May of this year, Special Counsel Fitzgerald spelled out his case for why Libby, who was Cheney's chief of staff, lied before a Federal grand jury and otherwise obstructed justice: to hide the fact that his boss, Dick Cheney, had gone berserk against former Ambassador Joseph Wilson, and had ordered a campaign of leaks and slanders, to discredit the former diplomat, who had presented damning evidence that the Admin-



White House Photo/David Bohrer

If voters are ready to clean house, Lyndon LaRouche said in early June, "it can spell doom for the likes of Cheney and Rumsfeld." They are shown here at a public event on June 13, where they lied, once again, about the Iraq war.

istration had lied to get the United States to invade Iraq.

In the original November 2005 Libby indictment, and in subsequent filings in Federal court, Fitzgerald identified Cheney as the person who told Libby that Ambassador Wilson's wife, Valerie Plame Wilson, was employed in the Counterproliferation Division of the Central Intelligence Agency's Operations Directorate. On July 14, 2003, eight days after Ambassador Wilson published a *New York Times* op-ed, exposing the Administration's lies about Iraq's purported efforts to obtain uranium for a nuclear bomb from Africa, syndicated columnist Robert Novak leaked Valerie Plame Wilson's identity. On May 12, 2006, Fitzgerald submitted, as evidence in the Libby case, a copy of Joseph Wilson's published commentary, with margin notes in Cheney's handwriting.

"The issue of motive is key to any criminal prosecution," LaRouche observed, "and Fitzgerald has Cheney nailed dead to rights. Libby lied to conceal the fact that Dick Cheney, in all likelihood, ordered the 'Get Joe Wilson, Get Valerie Plame Wilson' campaign. Congress has a long, and growing list of crimes of Cheney to act on. And many of them fit the category of impeachable offenses."

One new nail was hammered into the Cheney political coffin on June 15, when the conservative organization Judicial Watch received 100 pages of Army Corps of Engineers documents under a Freedom of Information Act (FOIA) law suit, which revealed that Corp officials may have lied, when they claimed that Vice President Cheney had nothing to do with a 2003 no-bid contract that the Corps gave to Kellogg Brown and Root (KBR), a subsidiary of Cheney's old company, Halliburton. While Cheney personally denied, repeatedly, that he had anything to do with the multibillion-dollar no-bid contract, the new documents show that there were multiple contacts with the Office of the Vice President, and that this information had been hidden, by concealing certain embarrassing

documents that should have been earlier released to Judicial Watch under their FOIA filing.

An April 22, 2003 e-mail by Corps official Carol Sanders described a "60 Minutes" TV appearance by Robert Anderson, Chief Counsel, U.S. Army Corps of Engineers (USACE), in which he denied that there was anything improper about the KBR contract. Sanders herself was quoted on "60 Minutes," saying "There was no contact whatsoever" with the VP's office. Yet, another e-mail, dated March 3, 2003, sent by another USACE official (name redacted), stated, "We anticipate no issue [with the KBR deal] since the action has been coordinated w VP's office."

Since taking office as Vice President in January 2001, Dick Cheney has continued to receive hundreds of thousands of dollars in annual deferred payments from Halliburton. In addition, as the result of more than \$20 billion in Pentagon contracts in Iraq and Afghanistan, Halliburton stock options, held by Cheney from Halliburton, have soared in value, raising further appearances of conflict of interest, in addition to the fact that Cheney has persistently lied about his continuing financial ties to Halliburton. The picture just keeps getting nastier and nastier.

Backlash in Virginia

In his June discussions, LaRouche emphasized that a bipartisan majority must gel in the Congress, to prepare the nation for the grave financial and political shock lying just ahead. And this must lead, long before the November elections, to Cheney's ouster.

One clear indication that the American people are ready for just such dramatic changes surfaced in the June 13th Democratic primary elections in Virginia, where former Ronald Reagan Navy Secretary James Webb won the Democratic nomination for the U.S. Senate, defeating Harris Miller, a state Democratic Party operative and multi-millionaire IT lobbyist. In November, Webb will run against incumbent Republican Senator George Allen.

Webb personifies what were formerly known as the "Reagan Democrats," conservative Democrats who abandoned the party and voted for Ronald Reagan over Jimmy Carter in the 1980 Presidential elections. This crucial swing-voter grouping is now in a state of revolt against the Bush-Cheney White House antics, including the Iraq War disaster. Webb quit the GOP in September 2002, in protest over what he saw as Dick Cheney's drive to invade Iraq. A decorated Vietnam War Marine veteran, Webb won the backing of leading Democratic Senators, including John Kerry (Mass.), who came into Virginia to campaign for Webb in the closing weeks of the primary campaign.

"This is a significant development," LaRouche said of the Webb victory. "It heralds a dramatic shift in progress. Voters are ready to clean house. It can spell doom for the likes of Cheney and Rumsfeld."

And none too soon.

Webb Victory in Virginia Marks Democratic Phase-Shift

by Nancy Spannaus

The resounding victory of former Reagan Cabinet member and Secretary of the Navy James Webb in the Virginia Senatorial Democratic primary on June 13, marks a “phase shift” in Democratic Party orientation, of a very positive nature. Webb’s candidacy was aggressively supported by national Democratic leaders, including Massachusetts Senator John Kerry, Democratic Senatorial Campaign Committee head Charles Schumer, and Minority



James Webb

Leader Harry Reid, despite opposition from the state party leadership, who wanted to nominate IT-lobbyist Harris Miller instead. A former Republican, Webb is the candidate who can reach out to the “Reagan Democrats” and bring them back into the party so that incumbent Republican Senator George Allen can be defeated, the Senate leaders argued. And Virginia Democratic voters agreed.

Webb’s campaign focussed on his opposition to the war in Iraq, and his opposition to the dismantling of U.S. industry through outsourcing (which Miller supported, in practice, if not in theory). His margin of victory—53 to 47%—was won heavily in the Washington, D.C. suburbs, in many of which he polled 20% ahead of Miller.

Webb’s credentials against the Bush Administration’s war policy were impressive, since he began campaigning against the invasion of Iraq as much as one year before the war. At that time, he was still a Republican, who joined other former military leaders in pointing out the insanity of the preemptive war.

Warns of a 30-Year Occupation

Former Navy Secretary Webb, who was also a highly decorated Marine during the Vietnam War, weighed in against the impending war against Iraq in September 2002, with an opinion column in the *Washington Post*, entitled, “Heading for Trouble, Do We Really Want To Occupy Iraq for the Next 30 Years?” We quote:

“... America’s best military leaders know that they are accountable to history not only for how they fight wars, but

also for how they prevent them. The greatest military victory of our time—bringing an expansionist Soviet Union in from the cold while averting a nuclear holocaust—was accomplished not by an invasion but through decades of intense maneuvering and continuous operations. With respect to the situation in Iraq, they are conscious of two realities that seem to have been lost in the narrow debate about Saddam Hussein himself. The first reality is that wars often have unintended consequences—ask the Germans, who in World War I were convinced that they would defeat the French in exactly 42 days. The second is that a long-term occupation of Iraq would beyond doubt require an adjustment of force levels elsewhere, and could eventually diminish American influence in other parts of the world.

“Other than the flippant criticisms of our ‘failure’ to take Baghdad during the Persian Gulf War, one sees little discussion of an occupation of Iraq, but it is the key element of the current debate. The issue before us is not simply whether the United States should end the regime of Saddam Hussein, but whether we as a nation are prepared to physically occupy territory in the Middle East for the next 30 to 50 years. Those who are pushing for a unilateral war in Iraq know full well that there is no exit strategy if we invade and stay. This reality was the genesis of a rift that goes back to the Gulf War itself, when neoconservatives were vocal in their calls for ‘a Mac-Arthurian regency in Baghdad.’ Their expectation is that the United States would not only change Iraq’s regime but also remain as a long-term occupation force in an attempt to reconstruct Iraqi society itself. . . .

“These concerns, and others like them, are the reasons that many with long experience in U.S. national security issues remain unconvinced by the arguments for a unilateral invasion of Iraq. Unilateral wars designed to bring about regime change and a long-term occupation should be undertaken only when a nation’s existence is clearly at stake. It is true that Saddam Hussein might try to assist international terrorist organizations in their desire to attack America. It is also true that if we invade and occupy Iraq without broad-based international support, others in the Muslim world might be encouraged to intensify the same sort of efforts. And it is crucial that our national leaders consider the impact of this proposed action on our long-term ability to deter aggression elsewhere.”

More Advanced Nuclear Plants on World Agenda

by Marsha Freeman

The nuclear industry worldwide is gearing up for the introduction of new nuclear plants. According to industry representatives, new manufacturing facilities are being built to meet the anticipated demand, and some long-unused facilities are being refurbished and reopened.

But a “nuclear renaissance” will require a massive rebuilding of America’s power, transport, water, education, and other infrastructure. At the same time, the desperately needed skilled workforce and machine-tool manufacturing capacity in our mass-production auto industry are being discarded.

This point was raised at a forum on June 12 held by the Foundation for Nuclear Studies and the American Chemical Society, by Will Madursky, a member of the LaRouche Youth Movement. “Our industrial base is being taken out,” Madursky reported he has been telling elected representatives. “Lyndon LaRouche has proposed that we use the plants and skilled laborers and re-tool the auto plants.” He asked about Federal action that is needed. None of the panelists responded seriously to the question.

EIR asked about the state of the global industry required to build nuclear plants, and how shuttered auto manufacturing capacity could be used. Tom Christopher, CEO of the American subsidiary of the European firm Areva, stated that the nuclear industry is “quietly rebuilding.” He explained that many parts for nuclear power plants are “standard industrial components,” and would have to be nuclear-qualified to be manufactured in auto plants.

At the same time that a dozen nations are making plans and beginning construction of a fleet of new, improved conventional nuclear power reactors, an international research and development program is under way to develop more advanced technologies to broaden the application of nuclear energy. These fourth-generation designs include high-temperature reactors that can be used to produce hydrogen fuel from water, to process materials, and to create fresh water through desalination.

The Senate Committee on Energy and Natural Resources has been holding a series of hearings to ensure that the nuclear R&D programs that became law in the National Energy Act of 2005 are being implemented. On June 12, the Committee convened to assess the progress the United States is making in its fourth-generation reactor program.

What quickly became clear is that the underfunded U.S. effort has already been surpassed by efforts in other nations,

and that if this country expects to be part of the nuclear renaissance, it is going to have to catch up to the rest of the world.

South Africa Can Help

The Department of Energy Secretary for Nuclear Energy, Dennis Spurgeon, outlined the Department’s plan to spend the next five years deciding on a design for a fourth-generation reactor, and then *an additional* ten years, building it. Sen. Larry Craig (R-Id.), pointed out that the Administration request for the FY 2007 budget cut the program by \$23 million, to \$31.4 million. At that rate, even in 15 years, the \$1.2 billion reactor will never be built.

Other witnesses pointed out that there is no reason that developing a high-temperature nuclear reactor should take 15 years. The U.S.A. has had the experience of operating two high-temperature gas-cooled nuclear reactors in the past, and there are other countries building them today.

The Vice President for Nuclear Business Development for Entergy Nuclear—the second-largest operator of nuclear power plants in the country—told the Senators, “Japan has been operating a demonstration 30-megawatt [high-temperature gas-cooled reactor] plant since 1998. China was so encouraged by its 10-megawatt high-temperature laboratory reactor, which began operating in 2000, that it announced in 2004 that it will build a 200-megawatt demonstration reactor.”

Dr. Regis Matzie, Senior Vice President and Chief Technology Officer for Westinghouse Electric Company (see interview in *EIR*, Feb. 10, 2006), presented the Senate Committee with a concrete proposal: Form a cooperative effort with South Africa, which will soon start construction of a demonstration Pebble Bed Modular Reactor (PBMR), and shave at least five years off the U.S. timetable.

A new reactor design must be certified by the Nuclear Regulatory Commission before a vendor is able to build it in the United States. Dr. Matzie said that, here too, the South Africa PBMR “can be of help,” because that design “is already being reviewed by the NRC.” He estimated that U.S. PBMR plant operations could start by 2016.

Is the Administration starting to get the message?

In 2000, the Generation IV International Forum was established by the United States, with participation from Argentina, Brazil, Canada, France, Japan, South Africa, South Korea, Switzerland, the U.K., and Euratom. The purpose was to pool resources to develop the next generation of advanced nuclear power plants, energy conversion systems, and applications. The conspicuous absence of Russia and China in the Forum has been a bone of contention between the United States and the other nations. New members can only be admitted by unanimous consent.

The DOE’s Spurgeon stated in response to a question at the hearing, that Russia and China will be “invited” to join, when the Forum meets this July. Washington has finally been forced to drop its opposition.

America's Scientists Need Us!

A Visit to General Atomics

by Jason Ross, LaRouche Youth Movement

America's top scientists need us!

Through *21st Century Science and Technology*, members of the LaRouche Youth Movement in Los Angeles set up a trip to General Atomics' verdant San Diego location, for a top-level tour of the facilities. This company is *incredible*: they do everything that we talk about—maglev, nuclear power, fusion research, creation of hydrogen fuel from water, and, of course, terrorist-killing, Hellfire-missile-armed Predator drone planes!

First, we spent about an hour with the director of energy and technology development, who gave us an overview of the history of General Atomics (GA) and of its largest projects. These include the TRIGA research nuclear reactor, developed half a century ago, and their famous DIII-D fusion research device.

GA has developed a neutron camera, similar to an X-ray camera, but with nearly the opposite penetrating properties: While dense substances like metal will stop X-rays, it is light things that stop neutrons. This camera allows you to look through the shells of mortars, for example.

Magnetically levitated rail for Pittsburgh is one of GA's projects, as is using the linear stator motor idea from maglev to make a linear motor to launch aircraft! Presently, aircraft carriers use a complex system of steam cylinders to launch aircraft off their short decks. This new technology can halve the number of crew required to handle the launches.

GA also made a device to simulate the electromagnetic signature of a large ship, which is placed on a fast boat which whizzes through a mine-field, setting off the mines to clear the way for a larger, slower ship. The technology GA uses to coat the nuclear reactor fuel pellets is also used for infrared shielding of airplanes to make them radar-invisible. Spinoffs!

The High-Temperature Nuclear Reactor

Our next guide, the principal engineer of the energy group, gave us an incredibly thorough idea of the new high-temperature gas-cooled reactors. The Next Generation Nuclear Power (NGNP) program, which is to be a high-temperature reactor, would be capable of burning new fuel, or spent nuclear fuel from our nation's nuclear plants, or even plutonium fuel from decommissioned weapons.

The key efficiencies of the high-temperature reactor are: its electricity-producing efficiency of about 50% (compared



LaRouche Youth Movement members (left to right) Ardena Clark, Jason Ross, Sky Shields, Cody Jones, and Nick Walsh at the General Atomics tokamak in San Diego, with guide Peter Petersen of GA.

to 32% for light water reactors), and its 50% efficiency for creating hydrogen fuel (compared to about 25% for electrolysis via current nuclear plants). The sulfur-iodine technique of breaking apart water to create hydrogen gas requires a heat of 850°C, which a gas-cooled plant can create, but conventional nuclear plants cannot. These new nuclear plants could use fuel 12 times more efficiently than current plants, and could also be used to recycle spent fuel (95% of spent fuel is reusable).

We asked about how the manufacturing could take place for these plants, and found out that we are now unable to make the reactor vessels in the United States—Japan or Korea could make them for us. We could make the fuel factories here in the United States pretty quickly, though, our guide thought.

He was excited about the prospect of retooling auto to launch a U.S. industrial recovery.

We pointed out the collapse of the American educational system, and our work in the LYM as the spearhead of a revival of true scientific method. He concurred: The lack of American ability was reflected in the composition of their intern force—of the 10 graduate students they take on every year, about 7 are foreign nationals! We contrasted this with our working through of all of Kepler's original works, and our research on Gauss and Riemann, among others.

The General Atomics Tokamak

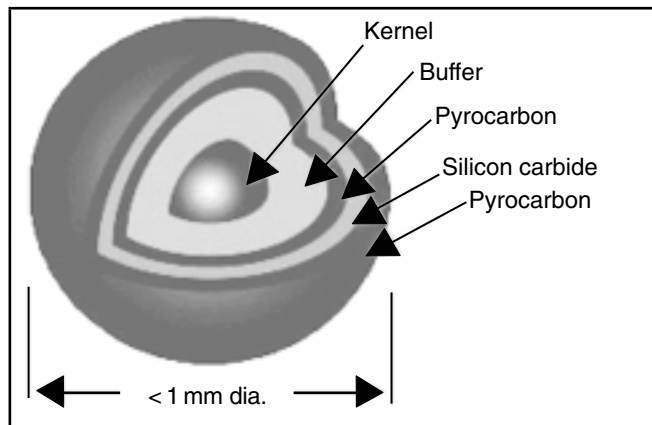
We then headed over to the fusion research center, where our guide excitedly told us about how the GA tokamak (from the Russian for Toroidal Chamber with Magnetic Coil) works. In order to overcome the electrostatic repulsion between the positively charged deuterium nuclei, a temperature above 100,000,000°C is required. Since no material container can take that kind of heat without immediately melting, an immaterial container is used instead—a magnetic field.

The tokamak is basically a big torus made out of metal, in which a magnetic field is created to contain plasma, which is heated to a temperature of about 250,000,000°C (hotter than the Sun) to create the conditions for fusion to occur. The GA tokamak is able to operate for five-second bursts, holding particles in the field for up to half a second (a huge advance beyond the millisecond times first achieved in such experiments). During the five-second bursts (the copper coils would melt if run longer than that), the tokamak draws 500-600 megawatts, which is provided onsite by a huge fly-wheel that is spun down to provide the power. General Atomics' electric bill is \$2,000,000 per year, which sounds huge, but is actually less than that of Sea World.

This is the most flexible tokamak in the world, with the most control over the shape of its magnetic field. It is also the largest privately operated tokamak in the entire world. What's more, it was actually built decades ago! The mission of the tokamak research has three goals: first, to learn how to organize, fine-tune, and control the shape of the plasma to achieve maximum performance. Second, to learn how to use microwave and radiowave energy to achieve this plasma shaping and to efficiently heat the plasma. And third, to learn how to control the plasma exhaust, where the plasma meets the solid materials of the real world.

On our walk out of the building, our guide asked us, "You are young, what do you think about nuclear power?" We told him that we think it's awesome and that our generation is not as brainwashed against progress as the Baby Boomers. He responded well to the scientific and political mission of the LYM. He commented that the wide range of people at GA make it possible to talk to colleagues in many different fields, and that the ability to have cross-discipline discussions made for fruitful work.

We wrapped up with lunch with the energy engineer in the



Courtesy of General Atomics

This tiny (1 millimeter) fuel particle, designed by General Atomics for the GT-MHR high-temperature reactor, has layers of ceramic coatings surrounding the nuclear fuel at the center. The temperature limit of the coating is higher than the temperature that can be achieved by the fuel particle, so that no fission products can be released. A spinoff of the ceramic coating process is used for infrared shielding of airplanes.

company cafeteria. While discussing LaRouche's political intention and the goals of the LYM, he became excited about retooling, and about bringing the politicians and the scientists into discussion, although throughout the discussion there was an underlying pessimism about the political situation, and about the popular culture's rejection of science. "Politicians all seem to work for big money," he said.

"Well, that's why we need an engaged population to have scientifically sound demands on the politicians." As the leaflet written by the LYM for a Ford plant in Norfolk, Va. said, "They'd secretly love to have their balls back."

The LYM's Unique Role for Science

General Atomics is an awesome company! All three people we spoke with would be happy to address town meetings. We will keep the discussion going: These people need us! Although they have an admirable quality of excitement (even when designing nuclear plants that have not been built in decades), they need our political success to implement their programs, and they need our ability to reorganize society to create a broad constituency for science among the citizenry.

How free can a creative mind be, with the knowledge that society and politicians have been consistently rejecting a reasonable approach to their work, and without a social political movement to improve their fellow men?

How much of the existentialism in science could be cracked, and what breakthroughs could be made, if fundamental experimentation were funded and new technologies socially implemented? Simultaneously, we must open up the door to the breakthroughs in epistemology needed for true scientific revolutions, and it is uniquely the LYM's work in that direction that is required.

Democrats Score GOP For Blocking Iraq Oversight

On June 14, angry Democrats denounced the Congressional GOP leadership for continuing its lack of oversight of the Bush Administration. This time, it was for exempting \$1.7 billion for Iraq reconstruction from the oversight of Special Inspector General for Iraq Reconstruction, Stuart Bowen, who has a staff of 100, including 55 auditors, on the ground in Iraq. A provision in the Iraq war and hurricane relief supplemental appropriations conference report puts that \$1.7 billion under the State Department's U.S. Agency for International Development (USAID), rather than in the Iraq Relief and Reconstruction Fund (IRRF). Bowen's authority does not extend to USAID funds spent in Iraq, leading Rep. Louise Slaughter (D-N.Y.), the ranking Democrat on the House Rules Committee, to charge that the GOP leadership "is now undermining the only source of accountability for the Iraq reconstruction program."

Democrats made this lack of accountability, and the lack of oversight by Congress in general, the theme of their remarks during debate on the conference report on June 12. Aside from the provision on Iraq reconstruction, Democrats are also calling for an independent investigation modeled on the Truman Committee of 1944, which investigated contracting for war materials during World War II. They also decried the removal of a provision, which had passed both the House and the Senate, that would have prohibited the spending of funds for building permanent bases in Iraq. Rep. Dennis Kucinich (D-Ohio) told the House that the Bush Administration went into Iraq without an exit strategy "not because they are incompetent, but because they have no in-

tention of leaving."

The conference committee met President Bush's \$94.5 billion limit mostly by removing the additional spending that had been added by the Senate, including \$700 million to relocate a railroad line in Mississippi, and reducing agricultural disaster relief to \$500 million, limiting it to hurricane-stricken areas, among other cuts. The deal was designed to buy just enough Democratic support in the Senate to guarantee passage over the objections of Sen. Arlen Specter (R-Pa.), who is still insisting on the additional \$7 billion for health and education programs that the Senate had supported in its budget resolution earlier this year.

House Passes Senate Mine Safety Bill

The House GOP leadership bypassed further debate on mine safety, passing the Senate-passed mine safety legislation, on June 7, under suspension of the rules, which limited floor debate and precluded amendments. Rep. George Miller (D-Calif.), who has been leading efforts in the House for tough mine safety legislation, refused to support the bill on the grounds that if another accident like the Sago, West Virginia disaster that killed 12 miners last January, were to happen again, "this bill does not ensure that we would not have the same tragic deaths," because the bill does not address what killed those miners. He argued that the bill does not guarantee that trapped miners have enough air to survive, it does not give miners prompt access to portable wireless communications, nor does it guarantee that portable air units in mines would be tested by Federal regulators to ensure that they work properly.

Most of Miller's allies in his efforts supported the bill on the basis that half a loaf is better than none. Rep. Nick Rahall (D-W.Va.) denounced the Mine Safety and Health Administration (MSHA) for its cozy relationship with mine operators. He agreed with Miller that a number of necessary provisions were missing from the bill, but called it a "step in the right direction, that must not be delayed." He said that "To delay this legislation, no matter how noble the intentions, is to gamble recklessly with the lives of our nation's coal miners."

However, the House passage of the bill did not end the dispute with the Bush Administration over mine safety. On June 13, Senate Majority Leader Bill Frist (R-Tenn.) cancelled a cloture vote on the nomination of Richard Stickler to head the MSHA, when it was clear to the GOP leadership that they did not have the 60 votes needed to proceed with his confirmation. Stickler is a former mine executive who testified during his confirmation hearing that current mine safety law is "adequate," which led Democrats to question his commitment to safety.

House Passes Refinery Permit Bill

On June 7, the House took up a bill to ease requirements for siting of oil refineries that, in the words of Rep. Ed Markey (D-Mass.), had "risen from the grave like some horror movie monstrosity to haunt this House and our country once again." Markey was referring to the fact that the exact same bill had been considered by the House once before, under suspension of the rules on May 3. At that time, the bill could not garner the two-thirds vote to pass under suspension, so the Republi-

can leadership brought the bill back under regular order, which only requires a majority vote, but still would not permit any amendments to be considered. The Energy and Commerce Committee did not even use the intervening time to hold hearings on the bill before sending it back to the House floor.

The bill is supposed to ease regulatory restrictions so that new oil refineries can be built. The bill also directs the President to designate three closed military bases for the siting of new refineries. Democrats disputed the notion that the reason that oil companies have not built any new refineries since 1976 is because of environmental regulations. Rep. Rick Boucher (D-Va.), citing the spectacular profits being reported by the industry in recent years, told the House that "The real reason we do not have enough refineries is the economic interests of the refiners, not environmental constraints." Rep. Henry Waxman (D-Calif.) charged that the Republicans went ahead with the bill "only for the purpose of saying that we have done something [about high gasoline prices] without actually doing anything that would provide relief to millions of American families."

Senate To Begin Work on Appropriations Bills

The Senate is finally expected to begin work on its appropriations bills, after agreeing to an \$873 billion discretionary spending cap for the Fiscal 2007 budget. The Senate had passed a budget resolution, last March, that called for \$889 billion in discretionary spending, but the House refused to move on it, instead simply "deeming" an \$873 billion cap before moving ahead with its own appropriations

bills. The Senate followed suit, in the context of the conference negotiations on the Iraq war and hurricane relief supplemental spending bill on June 9.

Meanwhile, the House has been moving ahead with its bills, having passed 7 of the 11 appropriations bills by June 9. These included the Foreign Operations and Homeland Security Appropriations bills, after Congress returned from its Memorial Day recess. The foreign operations measure, at \$21.3 billion, is 10% less than the Bush Administration requested, with the cuts coming primarily from the Millennium Challenge Account, which gets \$2 billion, \$1 billion less than the request, as well as Iraq and Afghanistan reconstruction, which were reduced by about \$350 million from the request.

Coming next on the House floor are the Transportation-Treasury-Housing and Urban Development bill, and either the defense appropriations or the bill funding the Departments of Labor, Health and Human Services, and Education. Democrats actually won a rare victory on the Labor-HHS bill on June 13, when the Appropriations Committee adopted an amendment increasing the minimum wage by \$2.10 by Jan. 1, 2009. The minimum wage provision is not expected to survive on the House floor, however.

Immigration Conference Stalled on Procedures

Two weeks after Senate passage of its version of immigration legislation, House Speaker Dennis Hastert (R-Ill.) still has not appointed members of a conference committee to work out differences between the House and Senate bills. Aside from difficulties of merging two vastly different pieces of legislation, speculation on the delay

has centered on a provision in the Senate bill which would require illegal immigrants to pay back taxes. The Constitution requires that revenue-raising measures originate in the House, which raises the possibility of the House blocking consideration of the Senate bill, through a so-called "blue slip" procedure.

Each side, however, is saying there is no problem, and is blaming the other for the impasse. Senate Minority Leader Harry Reid (D-Nev.) said on June 6, that the only problem is that Republicans "don't want to go to conference." He suggested that the Republicans could use a tax bill as a vehicle instead of the House-passed bill, if they come up with a plan to protect the Senate's position on immigration. Two days later, House Majority Leader John Boehner (R-Ohio) put the blame squarely on Reid who, he said, is "standing in the way" of progress on the issue. He said Senate Majority Leader Bill Frist (R-Tenn.) and others have suggested a way to deal with the blue slip problem, but Reid "wants to stand in the way of any possible efforts to get an immigration bill finished."

Hastert further muddled the waters, on June 13, when he suggested to reporters that the House might hold hearings on the Senate bill. That suggestion was apparently encouraged by the victory of Republican Brian Bilbray in the California special election, to replace disgraced former Rep. Duke Cunningham (R-Calif.). Bilbray campaigned on the House version of the bill, which emphasizes enforcement and border security, whereas the Senate bill provides a pathway towards citizenship for illegal immigrants already in the country. Hastert appeared to have backed off that suggestion, however, the next day, as to hold hearings would certainly delay the bill even further into the future.

Editorial

A Turning-Point in History

by Lyndon H. LaRouche, Jr.

June 12, 2006

The onrushing collapse of the post-1971 IMF, represents one of those periods in world history when great, and sudden changes in relations among nations, is the most crucial, and most immediate issue before all peoples and their governments,

Long-term cooperation built around the Shanghai Cooperation association, is a needed building-block for a new world system of economic cooperation among perfectly sovereign nation-states.

The shift in world monetary-financial patterns during the second quarter of 2006 is typified by the combination of a hyperbolic acceleration of prices of primary commodities and an accelerating pattern of collapses among individual hedge funds and related interests. This state of affairs confronts the world as a whole with the prospect of a threatened early, chain-reaction collapse of the present world system comparable to the collapse of the Lombard League into the so-called New Dark Age of the Fourteenth Century. Only a principled change in the world's present monetary-financial system could halt this presently ongoing collapse.

The alternative to collapse must imitate the success of U.S. President Franklin Roosevelt's actions during the 1933-1945 interval of his terms in office. Present central banking systems must be reorganized by sovereign governments, and various means for creating long-term credit for physical-capital improvements in public infrastructure and capital-intensive investments in more advanced technologies. This can be done either by governments which copy the U.S.A.'s constitutional system of absolute sovereignty in its monetary affairs, or through credit created in long-term credit-creating treaty-agreements among cooperating sovereign governments.

Long-term credit at low borrowing costs, absolutely requires a return to a fixed-exchange-rate system like that of the original Bretton Woods system.

If such urgently needed measures are adopted, the result will include the development of a Eurasian pivot as the center of the developing world economy. Europe

and the U.S.A. must then reorient their long-term economic policies toward two missions characteristic of the so-called developing sector of the world as a whole, including Asia, Central and South America, and Africa. Physical capital improvements through long-term investments in Asia, as led by China and India, will be the pivotal feature of global economic development.

The crucial feature of such a physical-economic program must be emphasis on Russia's scientific legacy in the matter of biogeochemical development of so-called natural resources, and the increasing reliance on nuclear-fission and thermonuclear fusion as indispensable modalities for dealing with the soaring crisis in both fresh water and suitable primary mineral supplies for a world population, hungry for benefits of development, which now approach eight billions living individuals within a generation or so.

The new world economy which must arise, quickly, from the ashes of the present monetary-financial system, must be organized around the conception of Eurasia's leading role in global perspective based on the same kinds of goals for the world at large.

That means, in the language of the science of physical economy first defined by Gottfried Leibniz, a policy of increase of the potential relative population-density of the planet through capital-intensive modes of investment in basic economic infrastructure and production of goods.

Therefore, the development of closer ties of cooperation among the sovereign states of Eurasia, using Russia's natural role as a leading Eurasian nation, is the virtually self-evident political vehicle for accelerating the needed new policy-orientations of the planet as a whole today.

Lyndon LaRouche issued this statement to Radio Gorkovorit Moskva (Moscow Speaking) on June 12. It was included in the June 15 broadcast of the "Russian Field" program, hosted by Serafim Melentyev, along with commentary on the Shanghai Cooperation Organization (SCO) summit and LaRouche's evaluation, by Yuri Krupnov of the Development Movement and Prof. Yuri Gromyko.