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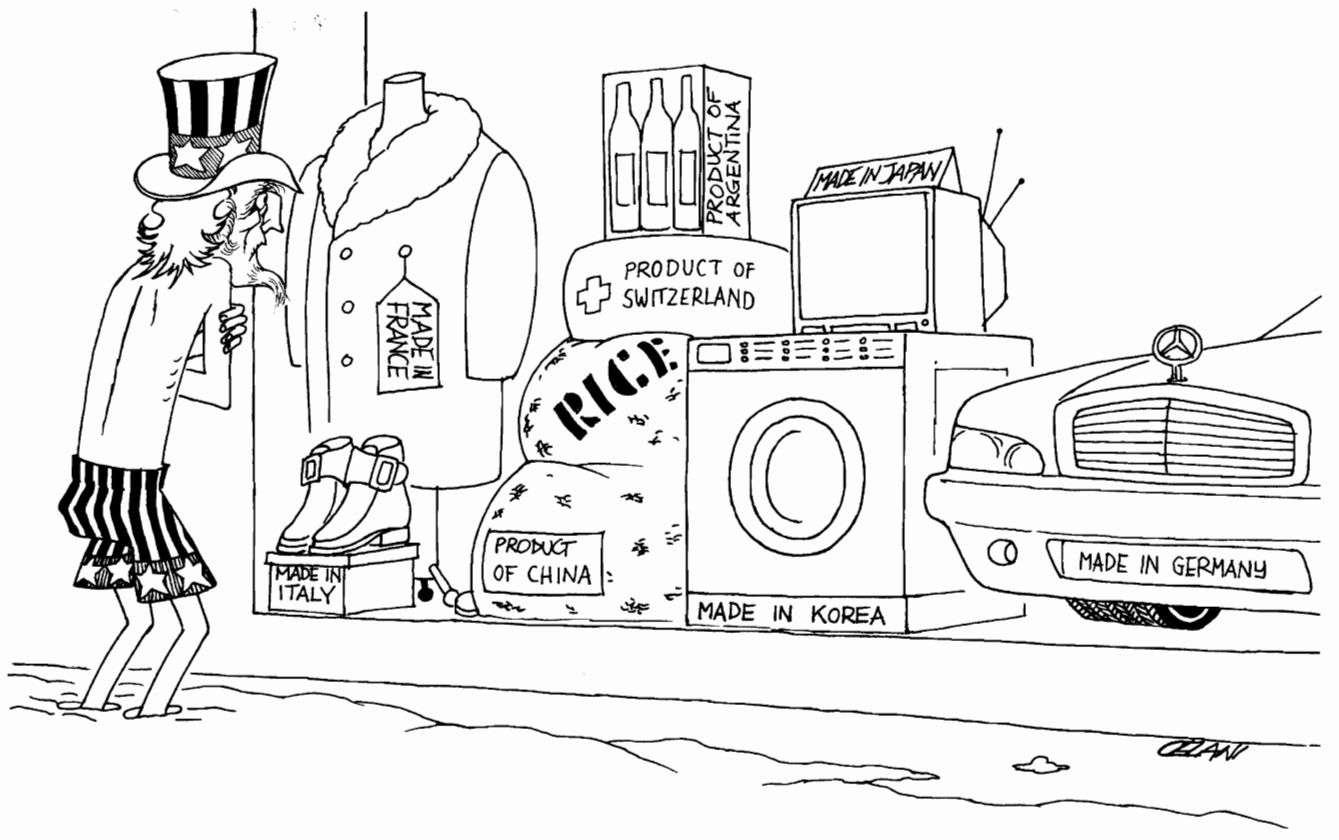
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Production Collapse Takes IMF System to Brink
LaRouche Accuses Gore Dems in D.C. Death Toll
'Survivors Club' of Eurasian Nations Expands

**Defining an Economic Collapse:
Marat, De Sade, and 'Greenspin'**





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From the Associate Editor

Federal Reserve Chairman Alan Greenspan, testifying before the Senate Banking Committee, intones that there is no danger of inflation in the United States. A carpenter in Wisconsin avows that his trade union is fat and happy: They just signed a multibillion-dollar contract to build power plants in the state. “What economic collapse?”

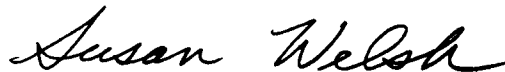
Yet behind this facade of complacency, the panic grows (see *Economics*): U.S. industrial production is falling; computer chip stocks are crashing; the Ibero-American debt bomb is ready to detonate; major corporations are every day issuing profit-warnings that show a deep depression on the horizon, in the third and fourth quarters of this year.

Lyndon H. LaRouche, Jr., in his *Feature* on “Marat, De Sade, and ‘Greenspan,’ ” addresses the idiocy of those who deny the reality that is every day more apparent. A bubble-headed citizen might remind us, he writes, “of some legendary, vacationing canoeist, who had been cruising dreamily from Duluth, Minnesota, down the Great Lakes, and is now nearing Niagara Falls. Above the rising din from that approaching cataract, we hear that fellow-citizen saying, ‘What crisis?! I have been sailing these waters for months now, and I have not gone over Niagara Falls yet. Why should I believe you now?’ ”

LaRouche analyzes what lies behind the tragic denial of reality, thereby to help those fellow-citizens to overcome their delusions, before it is too late. He then establishes how competent scientific thinking on matters of economic policy must proceed.

Eurasian nations constituting the new Shanghai Cooperation Organization are moving very much in the direction LaRouche has recommended, shoring up their physical economy, building infrastructure projects for the benefit of future generations (see *International*).

For the latest, hot developments in the U.S. fight for the general welfare, see our report in *National* on who has been sabotaging the effort to win Congressional support for restoring Washington’s D.C. General Hospital as a fully funded, full-service public hospital.



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Chairman Greenspan remains in control.



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"You wish to know what is going to happen to you in the coming weeks and months. Then, face certain facts. Learn the lessons of the past mistakes most of you have been making, repeatedly, over the recent decades," writes Lyndon H. LaRouche, Jr. "Are you willing to discontinue the goldfish-bowl syndrome of popular opinion until now? Are you going to continue to insist, 'I don't go there,' when you are asked to give up foolish beliefs such as 'free trade,' 'new economy,' 'deregulation is here to stay,' 'you can't put the toothpaste back in the tube,' or 'no one I know is going to go for it,' or, 'you could be right, but since I have to go along, to get along, I have to oppose what you suggest'?"

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Production Breakdown Puts Financial System on the Edge

by Richard Freeman

The United States trade deficit on goods and services in April totalled \$32.17 billion, the U.S. Commerce Department announced June 21. The Commerce Department was quick to call this an improvement: The April trade deficit fell by 1.2%, from the March level of \$33.1 billion. If one considers *only physical goods trade*—excluding services—the trade deficit in April was \$37.83 billion, a fall of 2.4% from its March level of \$38.78 billion.

However, if one looks at the underlying processes in the U.S. physical economy, the fall in the U.S. trade deficit—whether for goods and services, or for goods alone—represents a sharp deterioration, not an improvement. Concentrate on physical goods trade only: In April, U.S. physical goods exports were \$62.12 billion, a fall of 2.7% from their March level of \$63.88 billion; also, in April, U.S. physical goods imports were \$99.96 billion, a fall of 2.6% from their March level of \$102.67 billion. U.S. physical goods exports have now declined by 7% since last September, and physical goods imports have declined by 6.1% over the same period. In fact, U.S. physical goods trade is collapsing.

This has serious implications. For the past decade, but especially during the last five years, the United States has functioned as the world's "importer of last resort." A collapsing U.S. economy, unable to produce the physical goods for its own physical existence, has gotten by, by sucking in physical goods from the rest of the world. At the same time, many countries have become heavily dependent on the U.S. market, to which they ship a huge amount of their physical goods. As the U.S. physical economy collapses, it cannot process physical goods, and shuts off physical goods imports from other countries into the United States. These countries reduce their production, and cut back their own imports. This has set off a self-reinforcing spiral of world trade collapse, followed by production collapse, followed by deeper trade

reduction, and so forth.

The "importer of last resort" relationship required foreigners to invest funds into the speculative U.S. financial bubble, which funds the United States used to pay for its imports. As foreigners disinvest from the U.S. financial bubble—taking their funds back home—because the bubble is disintegrating, this intensifies the collapse of the importer of last resort relationship, and accelerates the popping of the bubble. Economist Lyndon LaRouche has forecast that a 40% plunge in the value of the dollar will ensue. This will shatter the dollar-centered banking system.

The U.S. trade figures through April indicate that such a process is building force. The recent trends in the U.S. economy reinforce this picture. U.S. industrial production is falling sharply, and the telecommunications sector's meltdown indicates both the breakdown of the U.S. physical economy and the "New Economy." But it also has the potential to blow out banks and Wall Street investors, which have lent heavily to the telecom sector. This would magnify the financial disintegration associated with the breakdown of the importer of last resort relationship.

The same process of economic-financial decay is occurring in Japan, the world's second-largest economy.

Inflation and the Industrial Crash

A sane way to defeat this crisis would be LaRouche's plan for a reorganization of the bankrupt world financial system, and a New Bretton Woods monetary system based on the Eurasian Land-Bridge, and its development corridors, which will radiate development for the world economy. But instead, the U.S. administration of President George W. Bush is relying upon the lunatic money-pumping policy of the U.S. Federal Reserve Board of Governors and its Chairman, Alan Greenspan. Money is flooded into the system to hold up the

mass of bloated financial instruments, including the stock market.

Even in its short-term objective of stabilizing the stock market, the Federal Reserve and “Greenspin” have failed. However, that policy is generating a hyperinflation like that of 1923 Weimar Germany, which will shatter the \$400 trillion in financial obligations overhanging the world financial system, and produce the deepest financial-economic depression in history.

On June 16, the Federal Reserve Board of Governors announced that the U.S. industrial production index—which is officially supposed to measure the output of the nation’s factories, mines, and utilities—fell to a level of 143.1 in May, a decline of 0.8% from the previous month. The media and Bush Treasury Secretary Paul O’Neill had organized a publicity campaign, claiming that the U.S. economic collapse had “slowed down” in April and would be halted in May. Accordingly, “economic experts” had estimated that the fall in the Fed’s industrial production index in May would be between zero and 0.4%. However, the official fall was twice as large as that estimate, indicating that the collapse had not slowed down, but accelerated.

Second, the Federal Reserve’s official industrial production index contains considerable fakery. The same Quality Adjustment Movement (QAM) that the Bureau of Labor Statistics uses to lyingly understate inflation, is used by the Federal Reserve Board to *overstate* industrial production. For example, the Federal Reserve industrial production sub-index for auto production claims to show that U.S. auto and truck output in April 2001 was practically the same as that in November 2000, even though, in the real world, U.S. auto and truck production had been slashed. It is likely that in reality, U.S. industrial production fell in May by 1.0-1.5%, an annualized rate of 12-18%. If the rate of infrastructure collapse were factored in, as it should be, the rate of collapse would be much larger.

The Federal Reserve’s official industrial production index fall of 0.8% in May followed a drop of 0.6% in April. The official measure of industrial production has thus fallen for eight consecutive months, surpassing the 1990-91 recession; in fact, such a drop hasn’t been seen since 1982.

At the same time, capacity utilization of U.S. industries in May fell to 77.4%, the lowest level since August 1983. Meanwhile, capacity utilization of U.S. high-tech industries fell to 70.3%, marking not only the tenth consecutive month of decline, but also the lowest level recorded for the high-tech sector in 25 years.

Telecom Annihilation

A key element driving the plummeting of U.S. industrial production, is the annihilation of the telecommunications sector. The telecom sector has a real component—regular coaxial wires or fiber-optic wires, switching and serving equipment, etc.—but it is based on a close relationship with the Internet and the so-called “New Economy,” non-produc-

tive investments loaded with collapsing debt.

On June 15, Nortel, the world’s largest producer of telecommunication equipment, which is based in Canada, but has one-third of its production facilities in the United States, announced that it will take a \$19.2 billion loss for the second quarter, the second biggest quarterly loss by any company in history. Nortel had to write down the greatly shrunken “market value” of other New Economy companies which it had bought—another self-feeding collapse process. Nortel will close plants and fire 10,000 workers, in addition to 20,000 workers already laid off earlier this year. The combined 30,000 layoffs will constitute one-third of Nortel’s workforce.

The telecom sector overbuilt and overexpanded massively, based on meeting the fantasy of what it imagined the Internet would become. For example, it has laid about 39 million miles of fiber-optic cable across the United States. Only 2.9% of that cable capacity is lit—actually in use; the rest is dark. Companies wildly built many competitive routes, in an unregulated way, when only a few routes would be needed or can be put to use.

Scores of telecom companies have gone bankrupt; and others, like the giant telecom equipment-maker Lucent, are on the ropes. The decline in the telecom sector has not hit bottom.

But in addition to the effect on the physical economy, this has tremendous adverse consequences for the financial system. Of the world telecom sector’s borrowings of \$650 billion, it is estimated that the U.S. sector’s portion is \$300-350 billion, mostly from issuing bonds and taking bank loans. Some of the telecoms that went bankrupt have defaulted on their bonds, and are close to defaulting on their bank borrowings. For example, a consortium of banks led by Citigroup and Bank of New York has lent \$1.35 billion to Winstar communications, which went bankrupt; a consortium of banks led by J.P. Morgan Chase lent \$1.78 billion to Level 3 Communications, which is crashing; and so forth.

The meltdown of the telecom sector could, by itself, trigger the blowout of the financial system.

This collapse is global. On June 20, the Japanese government announced that its trade surplus in May was 80.1 billion yen, or \$652 million, compared to a level of 575 billion yen in May 2000, a fall of 84%. Japan’s exports for May 2001 fell 9.9% from the preceding April, marking the fifth straight month that Japan’s exports have fallen. Leading the fall in exports, Japan’s exports to the United States in May fell 15.9% from the preceding April. Japan’s economy is driven by its trade surplus, and the collapse in exports, which caused the fall in the trade surplus, represents a serious threat to the Japanese economy.

The cumulative effect of collapse in the United States and Japan highlights the worldwide contraction, and feeds the rapid unravelling of the U.S. importer of last resort relationship. That is a leading force that will shatter the world physical economy and financial system.

Bush Blinks on Calif. Energy Crisis

by Suzanne Rose

Senate Democrats and California Gov. Gray Davis (D) responded to an order by the Federal Energy Regulatory Commission (FERC) on June 18, to extend limited price controls throughout the Western region, with a demand that the FERC order the energy pirates to refund \$9 billion to the state of California. Under energy deregulation in California, which allows the cartels to set the price, prices have gone up to as high as \$3,800 per megawatt-hour, and have risen, on average, more than ten times the previous rate of \$30 per MWh. On June 18, the Bush Administration-controlled FERC (two of the five commissioners were appointed by Bush, and the chairman, Curtis Hebert, is a fanatical free-market ideologue) issued the order, because momentum is building in both houses of Congress for a showdown over energy prices, which the administration and its energy cartel backers would lose.

House Democrats had dubbed the week of June 18-22 “energy week,” and intend to get enough signatures (218 are required) on a discharge petition. This would force a bill, H.R. 1468, sponsored by Rep. Jay Inslee (D-Wash.), to return California energy prices to “just and reasonable” levels, out of a Republican-controlled committee, where it is bottled up, and out onto the House floor.

So far, the House Republican leadership, in league with the Bush Administration, has refused to entertain any limitation on the profits of energy pirates, such as Enron, Dynergy, and Reliant—the so-called “Houston Cartel”—who have reaped, in some cases, 1,000% increases in profits by gouging California residents. Since 1999, expenditures on energy in the state have increased from \$7 billion to an expected \$60-70 billion this year. These proceeds have been pocketed by the cartel.

Behind the Republican refusal to move such legislation, was the fear that House Republicans, who are concerned about their re-election in 2002, would defy their leadership and support price caps in an open floor debate. According to *The Hill*, this fact of life was relayed to Bush in early June by Majority Whip Tom DeLay (R-Tex.).

Republicans have been on shaky ground ever since they lost control of the Senate, and Democratic committee chairmen vowed to examine the issue of price gouging in public hearings. At the same time, Governor Gray Davis began attacking the energy cartels aggressively, by name. The attack has been fuelled by a grassroots lobbying campaign in the

state legislatures, and other public events led by Lyndon H. LaRouche, Jr.’s Presidential campaign committee, which has been demanding the re-regulation of energy in California and other states.

‘Congress Will Act’

On June 19, at a hearing convened by Senate Energy Committee Chairman Jeff Bingaman (D-N.M.), Sen. Dianne Feinstein (D-Calif.) said that she regarded the FERC order as a “giant step forward.” Feinstein, together with Sen. Gordon Smith (R-Ore.), is the author of the major energy crisis legislation on the Senate side, S. 764, requiring the FERC to exercise its mandate under existing law to ensure that energy prices are just and reasonable. She said that she is holding back her bill for the time being, to see if the FERC will enforce its order, given the loopholes which are already apparent. She noted that her bill was helpful in “urging it along,” and exhorted the FERC to step in if the ongoing settlement conference between the state and energy suppliers does not result in refunds to California.

But, as Feinstein has noted, “little money has changed hands.” Indeed, the FERC has determined that less than \$200 million in overcharges is owed, and it has done nothing to get this pittance released. Its recent order that Williams Energy return the \$8 million it gouged in May 2000, is waiting to be enforced. Testifying after Feinstein, Smith said that his and Feinstein’s legislation, which goes much further than the FERC order in curbing the cartels, would have won large majorities in both houses. Sen. Barbara Boxer (D-Calif.) introduced a bill on June 20, with Rep. Bob Filner (D-Calif.) sponsoring it in the House, which demands that the energy companies refund their ill-gotten gains. She said that if the FERC does not enforce its orders against the cartels, and issue refunds, Congress will act legislatively.

Governor Davis was the featured witness at a June 20 hearing convened by Sen. Joseph Lieberman (D-Conn.), chairman of the Senate Government Affairs Committee, to determine whether the FERC has obeyed its mandate to enforce just and reasonable prices. He said that while the FERC did grant some relief in its June 18 order, it was “too late and more needs to be done.” He called on the FERC to do its job and order refunds of \$9 billion in overcharges imposed by out-of-state electricity companies. Lieberman and Sen. Richard Durbin (D-Ill.) quoted from the 1935 Federal Power Act, which obligates the FERC to order refunds when prices haven’t been just and reasonable.

The response from the leaders of the Inslee discharge initiative in the House, is that they will continue to press the FERC to order just and reasonable prices. While limiting prices, the order does not approach imposing “just and reasonable levels.” Filner said, “We need a lifeboat out here, and they are going to throw us a fairly frayed rope.” Rep. Henry Waxman (D-Calif.) said, “The FERC order does not stop the blackouts.”

FERC Will Not Budge on 'Market-Based' Rates

After months of intense political pressure from the California Congressional delegation, LaRouche Democrats, and Republican representatives worried about their re-election chances, on June 18 the Federal Energy Regulatory Commission (FERC) in Washington promulgated an order it claims will mitigate outrageous electricity prices in the West.

The purpose of the order was not to restore critical electricity infrastructure to government regulation, in order to protect the general welfare of citizens. It was, in FERC's words, designed to "provide breathing room for the markets to right themselves," to "stabilize the market in the short-term and permit California time to repair its market mechanisms."

The order includes the following features:

- A benchmark price, or ceiling, for the price of spot market power that can be sold to the state's Independent System Operator (ISO) in a declared emergency, will be set by the price of the most expensive power bid into the ISO's auction during the previous emergency.

This will provide windfall profits for companies whose modern facilities produce power substantially below the set price.

- The price limit will extend to the spot markets of the other ten states in the Western States Coordinating Council during a California emergency, to discourage companies from shopping around for the highest selling price.

This could cause severe disruptions in the price and

availability of power in the Northwest, where demand peaks in the Winter, not the Summer, because the price is pegged to California's conditions.

- The ceiling for power during non-emergencies, for all 11 states, will be 85% of the benchmark, highest-cost price.

When there is no shortage, and companies are only running their most efficient and lowest-cost units, setting the price at 85% of the most expensive power will add to the windfall profits.

- The benchmark price will be in force 24 hours a day, not just in emergencies.

While this might curb the incentive for wholesale suppliers to "game" the market and drive up prices even when there is no emergency, it also prevents the price from ever going significantly below the cost of the most expensive power.

- Power generators may sell electricity to the ISO above the "mitigated" set price, but must justify the increase to FERC.

For one year, FERC has had complaints of overcharging from California utilities, the Public Utility Commission, the ISO, and other state officials. Documentation has been presented which shows that there has been more than \$6 billion in overcharges by power pirates. FERC states that its investigations have found less than \$200 million in overcharges, and not one penny of refunds has been made to the state.

- Public as well as non-public utilities and generators in California must sell excess power into the ISO spot market when it is needed.

There is no enforcement mechanism included in the order, and firms that have been under a must-provide order from the ISO, have found ways to game the market to drive up the price, by simply claiming that units were down for maintenance.—*Marsha Freeman*

EIR Testifies

EIR submitted testimony to the Senate Energy Committee for the June 19 hearing, which placed the California energy crisis in the context of the ongoing breakdown of the financial system. As the system blows, after 30 years of unprecedented speculation, the cartel arms of the financial community are grabbing everything they can get to boost financial profits, which includes the gouging of California by the Enrons, Reliants, etc.

The testimony described the required policy response to the crisis, which goes beyond defensive attempts, such as those led by the Congressional Democrats, to curb the power of the cartels. Overall re-regulation is required—including breaking the power of the energy cartels—to stem the eco-

nomic and financial collapse. A New Bretton Woods financial system, including bankruptcy reorganization, is required, as a collaborative effort among nations. This action must be taken to write off the world's \$300-600 trillion in unpayable debt burden, which the gougers are attempting to get paid.

The testimony concluded with a survey of the nation-serving infrastructure approach, including the approach to energy infrastructure—which many nations are now adopting—required to achieve an economic recovery. The Democratic Party's history in supporting this approach as recently as the 1996 Kennedy-Daschle-Bingaman Report, on the government's responsibility for building infrastructure, was also highlighted.

Danger of Derivatives Blowout Raised In Senate Hearing on U.S. Banks

by Marcia Merry Baker

On June 20, Senate Banking Committee chairman Paul Sarbanes (D-Md.) convened a hearing on “The Condition of the U.S. Banking System.” Beginning with intonations of reassurance by Federal Reserve Chairman Alan Greenspan, the hearing reached a higher level when Senators confronted Greenspan with the threat to the banking system posed by financial derivatives contracts. The derivatives bubble had been documented in written testimony by *EIR*, submitted to the hearing along with excerpts from Lyndon LaRouche’s evaluation of the crisis, presented at a Warsaw seminar on May 24 (see p. 60 for LaRouche’s presentation).

Greenspan’s opening statement expressed some concern about deterioration of the quality of both U.S. banks’ assets and loans, but said that great improvements have been made in “risk management” and control systems.

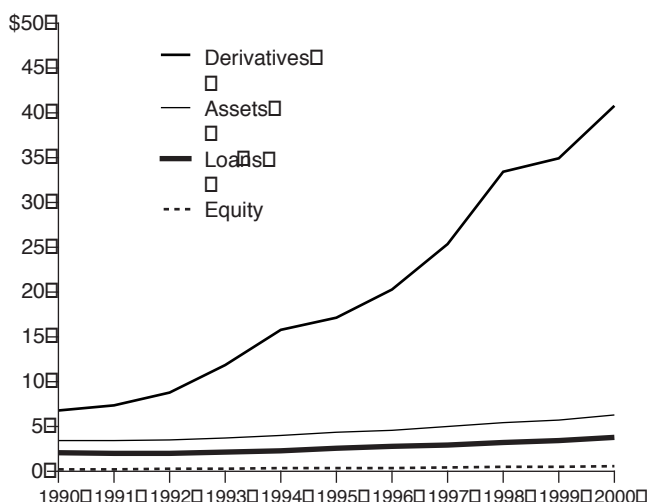
After other top U.S. banking regulators testified, the reality of the exploding telecom debt, information technology debt, etc., was injected by New Jersey Democratic Sen. Jon Corzine: “The main question I’d like to hear, is some view about the interconnectedness, the systemic exposures . . . particularly I think in light of non-financial institutions increasingly involved in the lending process. . . . This is certainly a problem that is of concern in New Jersey with one of our telecommunication companies, and, I think, with Nortel as well. I know that derivative risk is interconnected, and systemic of nature, and has a credit element, and I’m concerned that we’re not focussed as much on this . . . as might be, if one were worried about the deterioration of credit quality on a system[-wide] basis. And I guess you could [apply] that to some of the global sovereign institutions, with what one might be concerned about in Argentina or Turkey.”

Greenspan said nothing; Federal Deposit Insurance Corp. Chairman Jay Hawke replied only that the office of the Comptroller of the Currency has a national credit review process. Corzine persisted: “Do you also look at derivative credit exposures in that process?”

Hawke’s answer was revealing of the time bomb of bad debt and related derivatives concentrated in a few huge banks. He said the derivatives volume has increased, but this is no cause for alarm, because “derivative activity is focussed in a very small number of very large banks, and we and the Federal Reserve, I’m sure, watch that very carefully in the banks that we supervise.”

FIGURE 1 □
Derivatives Cancer Takes Over U.S. Banking System □

(Trillions \$)



Source: FDIC.

EIR’s testimony, by banking expert John Hoefle, gave the committee a brief history of the last 30 years’ abandonment of traditional banking to unprecedented speculation, and its consequences. **Figure 1**, part of the *EIR* testimony, shows the extraordinary growth of the huge derivatives bubble, dwarfing banks’ assets, loans, and equity. Excerpts from Hoefle’s testimony follow:

The Casino Is in Trouble

Derivatives are often technically complex and obtuse, and the difficulty in figuring out exactly how they work has been used by their advocates to argue that the government and its regulatory agencies should keep its hands off, letting the experts run the show. After all, the most common reaction by someone encountering derivatives for the first time is, “I

don't understand this."

The real problem is not that they don't understand derivatives, since many people grasp their essential nature immediately; the real problem is the dichotomy between what their common sense tells them, and what the experts claim.

For those among you who have faced this problem, we can only say, put your faith in your common sense rather than in the sirens of Wall Street.

To understand the nature of the derivatives market, we must leave the world of mathematics, with its deviations, standard and otherwise, and enter the world of parasites.

Picture a dog with a very bad case of fleas, the dog representing the productive sector of the U.S. and the fleas representing the worst elements on Wall Street. During the 1970s and 1980s, the fleas built up huge trading empires, trafficking in the flesh and blood of the dog. The fleas were so successful that the once-powerful dog began to dramatically weaken, and no longer produced enough blood to allow the fleas to continue trading in the manner to which they had become accustomed. Being clever critters, the fleas came up with a solution which pleased them all: They began trading in blood futures. Since they were trading in futures rather than actual "product," they were no longer limited by the amount of blood they could suck from the dog. The level of trading expanded dramatically, and the fleas became rich beyond their wildest expectations. Right up to the point that the dog died.

That, in essence, is the nature of today's derivatives markets, and the global financial system as a whole.

During the 1990s, the use of off-balance-sheet derivatives exploded, with the derivatives holdings of U.S. commercial banks increasing from \$6 trillion at the beginning of the decade, to \$35 trillion at the end of 1999 and \$41 trillion at the end of 2000. . . .

At the end of 1990, U.S. commercial banks as a whole had notional derivatives holdings 31 times their equity capital and twice their assets; by the end of 2000, the derivatives were 77 times equity and over 6 times assets.

That only begins to tell the story. At the end of 2000, J.P. Morgan Chase & Co. had \$715 billion in assets, \$212 billion in loans, \$42 billion in equity capital, and a whopping \$24.5 trillion in notional derivatives holdings, giving the bank derivatives holdings 34 times its assets, 116 times its loans, and an astonishing 580 times its equity capital. Put another way, a loss equivalent to just 1/580th of its total derivatives holdings would be enough to wipe out all of the bank's equity capital.

In the brave new world of derivatives, the big banks have blown up with some regularity. Most of these events have been handled discreetly, through mergers. From the merger wave in 1991, through the blowup of Bankers Trust in 1994, through last year's merger of J.P. Morgan into Chase, the landscape is littered with the detritus of derivatives failures.

Trying To Save Financial Bubbles

Between 1989 and 1994, the Federal Reserve adopted a policy of steadily lowering interest rates, to pump money into

a bankrupt banking system and to finance the growth of the derivatives markets. In February 1994, in an attempt to bring the system back under some degree of control, the Fed began slowly raising rates and promptly blew up the mortgage-backed securities market, bankrupting Kidder Peabody, and wreaking havoc in the larger derivatives market, bankrupting Bankers Trust. Under the cover of scandal, Bankers Trust was taken over by the Fed and the Treasury; its derivatives problems were bailed out, and the bank sold to Deutsche Bank.

Over the next few years, the growth of the derivatives market accelerated. In the Autumn of 1998, the cumulative effect of the (mis-named) "Asian" financial crisis, combined with the Russian devaluation and debt default, sent the financial markets into a full-fledged panic. As speculators, more politely called "investors," fled to the haven of Treasury securities and other government-backed paper, the market for junk bonds, derivatives, and other forms of speculative paper dried up, bankrupting, among others, Long Term Capital Management, the giant Connecticut hedge fund run by ex-Salomon traders and Nobel laureates. Under the cover of saving LTCM, the derivatives market was bailed out yet again. Greenspan's Fed resorted to its old trick of dropping interest rates and flooding the market with money. Eventually the leaks in the bubble were plugged with cash and bodies, and the derivatives market took off again, larger, more dangerous, more unstable than ever.

Every attempt to bring this monster under control has failed. When the Commodities Futures Trading Corp. (CFTC) dared to suggest the need to revisit the issue of deregulation, the Fed, the Treasury, and the Securities and Exchange Commission came down on the CFTC like a ton of bricks, forcing out [CFTC Chairman] Brooksley Born and neutering the agency. At every turn, Greenspan and the Fed have acted to protect the big derivatives banks from their self-inflicted disasters, making a mockery of the claim that no bank is too big to fail. The Fed is committed to saving the fleas, no matter what happens to the dog.

Meanwhile, back in reality, the level of debt in the economy continues to grow, while the productive capability of the economy shrinks. The Nasdaq bubble, a joint venture between the insane notion that the Information Age can replace the Industrial Age, and the Fed's money machine, has collapsed, and only a continuing intervention is keeping the Dow alive. It is widely understood that the game is over. The insiders have moved most of their assets out of paper and into control of hard assets and crucial elements of infrastructure, such as energy and telecommunications. The end of the bubble era is the driving force behind the twin horrors of globalization and privatization, as the insiders move to grab control of post-crash income streams.

The question for the United States . . . is not how to save this doomed system, but how we can best manage its collapse and replace it with a new system which protects the General Welfare of the citizens of the United States.

Swords Drawn in Patients' Welfare Battle Against 'Southern Strategy' HMOs

by Linda Everett

Even before Congressional debate began on the Kennedy-McCain "Bipartisan Patient Protection Act of 2001," which provides basic protections to 190 million Americans in private insurance or managed-care plans and health maintenance organizations (HMOs), President George W. Bush vowed, on June 13, to veto it. The bill (S 283/HR 526)—the fight for which can't be separated from the battle to save the District of Columbia General Hospital—simply makes HMOs and insurers accountable for the consequences of their decisions to deny or delay medical treatment when it results in injury, disability, or death.

At present, health plans deny or delay medical treatment to almost 50,000 people a day, according to the consumer group, Families USA. The predictable, actuarial results of these denials, like the closing of D.C. General and other public hospitals in major metropolitan areas, include growing numbers of unnecessary deaths of patients. Kennedy-McCain would make health plans accountable, in the same way that companies that produce unsafe tires or dangerous vehicles are. Yet, when the bill was first brought to the Senate floor for debate on June 19, Republicans began their delaying tactics, forcing Senate Majority Leader Tom Daschle (D-S.D.) to threaten to keep the Senate in session through the July 4 recess to complete a vote on the bill.

The managed-care lobbyists, in conjunction with major pharmaceutical lobby groups, are spending millions of dollars to derail any regulation of health plans and their murderous policies.

In this critical battle for the General Welfare, President Bush has come out swinging to protect the predatory HMOs and their Wall Street and London financier backers, just as he protects his energy cronies, such as Enron, as they loot tens of billions from the national economy.

Getting Away with Murder

The struggle to pass a patients' bill of rights, to allow court challenges to denial of medical care, has been going on since 1996. As a deluge of documented HMO-inflicted injuries, disabilities, and deaths came to light, Congressional Democrats and a growing number of Republicans sought—

sometimes fiercely—to establish some uniform Federal protections for patients. Until now, the Republican leadership has used every device to block the proposals—even when 68 House Republicans helped pass such a measure in 1999 by a 277-151 vote.

Although states have passed a patchwork of patient protection laws during the same period, addressing specific issues such as "drive-by deliveries," in which HMOs forced hospitals to discharge new mothers within hours of giving birth, as they did with women having mastectomies, the crux of the problem is how HMOs intentionally misuse a 1974 Federal law as a shield against liability for their actions. The Employee Retirement Income Security Act (ERISA) established uniform national standards to ensure that workers receive employee benefits. ERISA supersedes or preempts state regulations that "relate to" employer-sponsored benefit plans. ERISA was never meant to regulate health insurance or medical decisions, but HMOs, since their inception in the 1970s, misused it to escape state regulatory oversight of their medically negligent treatment policies.

One class-action suit revealed that insurance giant Aetna explicitly directed its employees to deny services to patients in ERISA plans, where Aetna had total immunity from liability. Patients harmed by ERISA-protected health plans can sue in Federal court, but only to recover the cost of services denied, not for their real losses, including economic losses, aggravated medical crises, death, or permanent disability. Here are examples from court evidence:

- A California woman died after her HMO refused to authorize cancer treatment. Her husband sued the HMO for causing her death; but the court found his claim was preempted by ERISA (*Turner v. Fallon Community Health Plan*).
- An osteoporotic woman's deteriorating facial bones prevented her from eating, which could only be relieved by surgery, replacing her facial bone with bone from her hip. Her medical plan, which fully covered all medical conditions but dental-related ones, denied the surgery, by claiming it was "dental." She had no claim under ERISA (*Udom v. Department Store Division of Dayton Hudson Corp.*).

- A man hospitalized in May 1991 for physical and mental disorders, was ordered released by an Aetna managed-care nurse. Less than two weeks later, he committed suicide. ERISA preempted any claims (*Baily Gates v. Aetna life Insurance Co.*).

- A man who had been treated by his cardiologist for angina, was assured by an HMO that he could continue with his care and be treated by his doctors. But, once he enrolled in the HMO, the primary doctor refused to refer him to his former cardiologist. The patient died, and ERISA denied the claim for damages (*Nealy v. U.S. Healthcare HMO*).

Stops Short of Abolishing HMOs

Now, a bipartisan group in Congress has again targeted health plans for systemic policies that harm, maim, and kill patients; although the only sure way to stop such crimes is to altogether abolish the HMOs, which were first allowed to operate by Federal law created by the Nixon Administration's budget cutters in 1973. The new Bipartisan Patient Protection Act of 2001, sponsored by Sens. Edward Kennedy (D-Mass.), John McCain (R-Ariz.), and John Edwards (D-N.C.), and by Reps. Greg Ganske (R-Iowa), John Dingell (D-Mich.), and Charles Norwood (R-Ga.), ensures that patients have legal recourse.

If medical treatment is denied or delayed by their HMOs, patients must first appeal the decision to an independent external review board with no relation to the HMO. Some 40 states now have various forms of external review. In the event of personal injury or death caused by an HMO's negligent decision, the bill allows suits against the HMO in state court, and all damages—economic, non-economic, and punitive—are limited by state law. If the dispute with the health plan involves administrative or contract (non-medical) issues, the HMOs can be sued in Federal court, carrying unlimited economic and non-economic damages. Civil punitive damages are allowed in only the most egregious cases of flagrant misconduct by the HMO. This bifurcation of liability has been upheld by several Federal courts. Over 600 medical groups, including the American Medical Association and consumer organizations, support the bill. Recent polls indicate that 60% of Americans support the right to sue HMOs, even if it raises the cost of premiums.

Backed by millions of dollars from the Health Insurance Association of America (HIAA) and the American Association of Health Plans, Senate Republicans such as Assistant Minority Leader Sen. Don Nickles (R-Okla.) are calling the lawsuit “a knife to the throat of American business.” HIAA claims that the bill will allow suits against health insurers, employers, plan sponsors, even unions. In fact, only if any of these entities were *directly involved* in a medical decision causing death, disability, or injury, are they liable.

The lie that the bill would raise insurance premiums and cause employers to drop insurance benefits, is disproven by Bush's own state of Texas. The Bipartisan Patient Protection

Act of 2001 is modelled on a Texas law, passed in 1997 (against the wishes of then-Gov. George W. Bush), which allows both independent appeals and suits against HMOs. In nearly four years, only 17 lawsuits have been filed and 200 disputes have been in independent review.

The HMOs Counterattack

Bush backs a bill that protects the HMO racketeers. The bill (S 889) is sponsored by Sen. Bill Frist (R-Tenn.), of the same Frist family behind the notorious Columbia/HCA for-profit hospital chain that just settled a \$460 million Federal complaint for bilking Medicaid and Medicare. It is co-sponsored by Sens. Jim Jeffords (I-Vt.) and John Breaux (D-La.). Frist's bill is titled the “Bipartisan Patients Bill of Rights of 2001,” using the name of the Norwood-Dingell bill *killed* by Senate Majority Leader Trent Lott's (R-Miss.) Republican leadership last year. Under it, patients must appeal their HMOs' negligent medical decisions to a reviewer hand-picked, and paid, by the same HMO that denied them care! This appeals panel can deny the patient the right to go to state court, leaving them only costly and time-consuming recourse to Federal court. And, the bill sets up many hurdles to get there. Worse, the Frist bill contains a deadly “nullification provision” similar to the “poison pills” used against patients' rights in Congress since 1996, which provides that, if Federal courts find *any part* of the bill unconstitutional, *all* of its legal remedies are to be nullified.

While Kennedy-McCain and the Frist farce share some of the same protections, the Frist bill is riddled with disastrous provisions. HMOs could still pay doctors to deny or limit treatment and health plans could still compensate employees for denial of care. It also lets the HMOs decide if a patient can see a specialist outside the plan, if that plan does not have a specialist available. For instance, if the plan doesn't have a pediatric oncologist, the insurer can still refuse to cover the child who needs one outside the plan.

The Frist protection of HMOs is all the more heinous, as evidence of their egregious decisions mounts. In Illinois, the Blue Cross Blue Shield plans routinely deny children who are born with serious skull malformations, treatment by dynamic orthotic cranioplasty bands. Without them, the children are forced to undergo painful, costly surgeries. PacifiCare of Colorado routinely refuses to pay for skilled pediatric nursing home care and life-saving medical equipment, such as ventilators, for critically ill babies who are unable to breathe or swallow on their own.

The lives lost by this disastrous legacy of the Nixon “Southern Strategy” have risen to the point, that if Congress, and especially the new Senate leadership, does not win this battle now, Americans are not likely to give them another chance. Bush's Republican allies began his term, by killing the protection against workplace injuries; the White House should learn that the time for such arrogant abuse of power has passed it by.

HOW TO DEFINE A PHYSICAL-ECONOMIC COLLAPSE

Marat, De Sade, And 'Greenspin'¹

by Lyndon H. LaRouche, Jr.

May 30, 2001

You wish to know what is going to happen to you in the coming weeks and months. Then, face certain facts. Learn the lessons of the past mistakes most of you have been making, repeatedly, over the recent decades. After studying those facts, understand that the future is often what we make it. Then, let you answer the question, what is going to happen to you?

Fact. For more than thirty-five years, virtually all of the publicly known, medium- and long-term economic forecasts, by virtually all leading U.S. governmental agencies and professional economists, have been consistently wrong. Ask yourself: how many of you believed those sources? How many believed in the limitless future prosperity of the so-called "new economy," for example? How many trillions of dollars of financial-asset values of people who could not afford to lose, were wiped out in recent months. because those victims were taken in by mass-media and other reports of endless financial gains "in the market"? How many of those people lost much more than they could have afforded to lose,

1. Peter Weiss, *The Persecution and Assassination of Jean-Paul Marat, As Performed by the Inmates of the Asylum of Charenton Under the Direction of the Marquis De Sade* (Boston: Atheneum, 1966). In post-war literature, this play is the classic representation of "the inmates taking over the asylum." The historical Marquis de Sade was imprisoned in the Bastille when the French Revolution broke out, and was transferred to the Charenton asylum. In the play, he and the other inmates take over Charenton, banish the staff, and put "on trial" an inmate playing the part of Marat—whom they proceed to kill.

because they rejected the warnings against exactly that impending collapse, which I caused to be widely circulated?

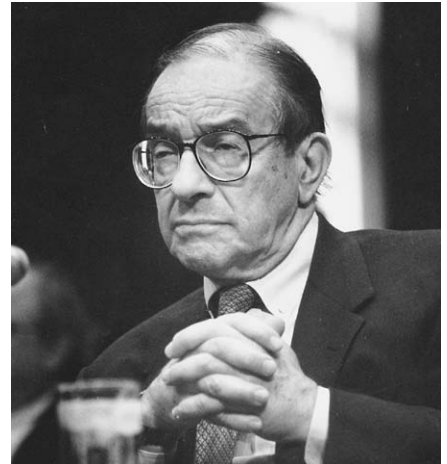
Another fact. Contrast that record with all of my own forecasts from the same period, each of which I placed on the written record; they have all been successful ones.²

Consider the fact, that, despite all that evidence, over all those decades, there are still many persons, even in high places, who cling to the delusion, that economic growth can be measured in terms of simple financial statistics, or even in those increasingly fraudulent, published data called "market indices."

Faced with those facts, some pretty reasonable observers are asking me and my associates: "You may have been right in the past, but how can we decide for ourselves which method is right for the future: your method, or that represented by so-called 'mainstream opinion'?"³ I reply to such

2. Although my first long-range forecast was made during 1959-1960, and repeated in various locations with limited circulation, at several times over the 1961-1965 interval, the first widely published versions of that forecast appeared as offshoots of my teaching at various college and university locations during the 1966-1968 interval. Since then, all of my subsequent, medium- to long-term forecasts have been presented in written form, with significant elaboration. See, Lyndon H. LaRouche, Jr., "The Coming Disintegration of Financial Markets" (LaRouche's Ninth Forecast), *EIR*, June 24, 1994, for a summary of this record. For that reason, I refer to the recent "thirty-five years" in comparing my record to what should have been known to at least a significant number of ostensibly leading economists from that time-frame. I stress forecasts actually made by me, to exclude discussion here of a significant number of intentional misrepresentations concocted by adversary media.

3. This is the same argument which the founder of modern astrophysics, Johannes Kepler, made against the method shared in common by the so-



Left to right: The Marquis de Sade, Jean-Paul Marat, and Federal Reserve Chairman Alan Greenspan. The Jacobin Terror of the French Revolution, in which the lunacy of “popular opinion”—manipulated by the British oligarchy—seized control of a nation, is being replayed in Alan “Greenspin’s” America. Among today’s common symptoms of such moral corruption, LaRouche writes, “is the utterance of the magical words, ‘my money,’ an utterance often accompanied by a certain diabolical glint of Nintendo-style threat in the speaker’s eyes.”

questions in two steps.

First, I shall describe the kinds of false assumptions which have misled most typical forecasters into those erroneous methods of forecasting adopted by today’s mainly down-stream mass-media.

Then, after having cleared away some of that jetsam of false beliefs, we shall be able to focus on the central issue of the appropriate method of making economic policy today.

My task here, is to help you to approximate, at least, the same superior quality of expert conclusions I have succeeded in producing. Understand this through your own mental efforts. Then, you, too, will have an insight into the future, as well as the past. In this report, I shall give you some crucial hints on reaching an accurate understanding of the dangerous world economic situation in which you now find yourself.

Before turning to the pages which will immediately follow, I must perform that certain chore which must be performed by any competent writer or teacher. I must consider: For what reader is this report intended? With that author’s responsibility in mind, I have chosen to address a mixed audience, of not only professionals, but also influential international as well as national and other political figures, and include a wider audience of readers who are simply literate lay persons. That requires that the subject be addressed in a way fully up to relevant professional standards for competence, but must provide all the intended members of the audience the opportunity, either to follow me, step by step, through the re-enactment of the concept presented, or to point to ways in which they might proceed to work the

point out for themselves.⁴

I presume, of course, that the reader considers the issue important enough, that he or she would be willing to spend a certain amount of effort to learn what you need to know. Shall we say: not any less effort than what should be the level required for learning to own and drive an automobile, and perhaps conduct some repairs.

The wretched performance, over more than thirty years, of both those U.S. government and Federal Reserve officials and most academically trained economics professionals, should suggest to you, how most citizens have been more or less consistently misled into tolerating the disastrous policies of our government and political parties over those past decades.

Fortunately, that ignorance of the most important issues of national policy-shaping, which has become so typical of most of our citizens, could be overcome through a suitable combination of education and experience. The first fact to be made clear, is that the believers in the so-called “market” have been the victims of a swindle, a post-Franklin Roosevelt delusion, which grew into the form of a mass hysteria, especially so over the course of the post-Kennedy decades. Once that is cleared up, the citizen’s mind is more likely to be open to discovering the needed, fresh way of thinking about economics in general.

I believe, that if you are willing to study the evidence to which I point, you will be convinced, that today’s popular ignorance of economics can be cured, on the condition that the victims of popular delusions about the U.S. economy, are willing to consider the evidence. The problem is not a lack of

called leading authorities quoted in his time: Claudius Ptolemy, Copernicus, and Tycho Brahe. See Lyndon H. LaRouche, Jr., “Faith, Hope, and Agape!” *EIR*, June 1, 2001.

4. The requirements of all three classes of audience are best served, by relegating the matter of certain niceties to footnotes supplied.

those facts which could have been available to a member of the public who had looked for them. By definition, it is the characteristic feature of the hysterical victim of an induced delusion, such as today's widespread notion of "the market," that such persons will simply refuse to learn, even despite all available evidence to the contrary, and will cling to their delusions, even to proverbial bitter end.

It is that continued, hysterical refusal, among officials, professionals, and many ordinary citizens, to consider any of that relevant, crucial, physical evidence, which has misled the U.S. and many other economies, to the present brink of a very bitter end. This has been the case, even when all the warning signs of an oncoming financial collapse were available.

I know of the cases of relatively many Americans, for example, who said of me, "Lyndon is wrong. The U.S. is entering a period of great prosperity under the new economy. Perhaps Europe will be in trouble, but never the U.S. economy!" There never was any evidence to support that consoling delusion; it was something self-deluded people chose to believe, simply because they passionately wished to believe it.

Unless the citizens of the U.S.A., or at least many of them, can overcome the hangover-like effects of the delusion which increasing numbers of them had come to share during a period of approximately three decades or more, the worst would be inevitable, for all of you, during the period immediately ahead.

Fortunately, in the pivotal words of playwright Eugene O'Neill's *The Iceman Cometh*, the ongoing breakdown of the world's financial system, combined with the presently accelerating spread of 1930s-depression-like economic conditions, has taken "the life out of the booze." More and more of your fellow-citizens, are experiencing a "reality shock." Among the saner ones, the reaction is, in effect: "I realize I've been fooled. I am willing to accept that fact." That is way in which a similarly deluded majority of the U.S. population of the Coolidge-ridden 1920s, reacted, when they were confronted with the realities of the 1929-1933 Depression. "Now, perhaps" (but only "perhaps") "I am ready to understand what it is we must do to overcome this situation."

That is the situation which confronts all of us among leading policy-shapers, inside and outside governments today. That is the challenge which confronts the ordinary person trying to see his or her way through the presently worsening disaster our economy has become.

The purpose of this report, is to show to you what is wrong with the delusion many had come either to adopt, or to regard as the irresistible force of prevailing political opinion. However, before prescribing the needed medication, let us agree on the nature of the disease to be cured. Therefore, I shall now complete my prefatory observations, by describing one of the most crucial problems in dealing with the present political situation. What is passing through the minds of those citizens who are still, even now, gripped by that delusion which has been called "popular opinion," and which I, with good reason,

prefer to call "vox pox"? How should we describe their continued, still widespread "state of denial" of the plain, and rapidly accumulating evidence in front of them?

Those in a State of Denial

Once again, the principal cause of the presently onrushing economic catastrophe, is the relevant moral corruption shared, not only among leading officials and professionals, but also popular opinion generally. Among today's common symptoms of that moral corruption, is the utterance of the magical words, "my money," an utterance often accompanied by a certain diabolical glint of Nintendo-style threat in the speaker's eyes.

These poor fools, officials, professionals, and just plain greedy individual citizens alike, had clung, hysterically, to faith in the delusion, that "my money," as reported on the fabled "bottom line" of an accountant's financial statement, is a measure of actual economic improvement in the physical conditions of both individual life and of the future of the physical economy of the locality, the nation, or the world. Citizens so deluded, even believed that very short-term, purely speculative financial gains, were the pathway to long-term growth of the real economy! Was this merely "irrational exuberance," or a vaster and more lunatic re-enactment, by U.S. Federal Reserve Chairman Alan "Greenspin" himself, of the John Law "bubble-headedness" of the early Eighteenth Century?

At this moment, such a citizen might remind us of some legendary, vacationing canoeist, who had been cruising dreamily from Duluth, Minnesota, down the Great Lakes, and is now nearing Niagara Falls. Above the rising din from that approaching cataract, we hear that fellow-citizen saying, "What crisis? ! I have been sailing these waters for months now, and I have not gone over Niagara Falls yet. Why should I believe you now?"

Admittedly, there is more to such tragic denials of reality than simply a lack of competent knowledge of economy. Sometimes, people are simply so afraid of facing a frightening reality, that they will refuse to admit the existence of facts which are staring them in the eye. For example, a sudden and total collapse of the world's financial system, is not something the ordinary citizen, or politician, usually wishes to think about. For example, imagine Bush's Treasury Secretary O'Neill looking at the charts, which show the downslide, and, on a sudden wishful inspiration, turns the charts upside down, in his attempt to convince even himself, perhaps, that the lunatic Bush tax-cut will bring about an upturn in the economy, looming not many months ahead.

Often, the principal factor driving a victim into such a state of denial of a reality staring them in the face, is their sense of helplessness in face of forces which they believe they could not control, even if they wished to do so. "Who am I, a little guy like me, to take on powerful interests like those?" As many said words to the following effect, to me, during the

course of the Year 2000 Presidential primary campaign, “My friends and I are going to pretend I never heard what you just told me. I am going along to get along. I have to spend all my energy believing that you are wrong!”

Or, imagine the case of some imaginary Tarzan, who was raised from infancy by a female chimpanzee. Imagine that fellow being told that that beloved maternal creature was not his natural mother. He would probably fall into a paroxysm of four-palmed stamping, shrieking, and tooth-threatening fury, shrieking, “Lies! Lies! Lies! All lies!” He might bite you! Some children react similarly to being told that Santa Claus is really only a figure in a charming fairy-story. People who are afraid to face the sudden truth placed right in front of their face, are sometimes known to fall automatically into a fit of screaming denial of the plain truth standing right in front of them. Facts and science no longer persuade them.

The idea of an onrushing total collapse of the world’s present financial system, can produce such Classically tragic flights of insanity in two kinds of persons.

In the first such case, there is a strong inclination to deny the possibility of a crisis for which he or she knows no feasible alternative. That is the kind of hysteria to be expected among ordinary U.S. citizens. In the second case, the affrighted person may be a compulsive financial speculator. He has been informed of an existing solution, but hates the remedy more than the disease, as the hard core of the Bush Administration and its devotees do.

In the first case, the victim of the delusion insists that, “You must be wrong. They will always come up with something!” One is usually left to wonder exactly who “they” is; perhaps it is “invisible little green gentlemen under the floorboard,” or, the same thing known by a different name, “the invisible Hand.” They may argue, “Look, we’ve been in crises before; they always came up with something. I know they will never let it happen.” Will those “boys in the back room,” or, perhaps, “the Invisible Hand,” actually come up with something to keep the system going? Are you assured that, pickpockets aside, the “Invisible Hand” actually exists?

In the second case, the financier parasite’s response is of the form, “I would rather see this planet exterminated, than that I should have to give up my way of life!” Obviously, such fellows are extremely dangerous, if they are allowed to have the power to get their way in such a situation.

The Bush leaguers, for example, respond to the present crisis as the pagan god Zeus would have reacted to the signs of the approaching “twilight of the gods” of Olympus. Few are more awful, when they have power, than a cowardly tyrant faced with either an actual or perceived threat to his power, a tyrant like the Roman Emperors Caligula or Nero, or tragic Adolf Hitler in his bunker.

In both of the two types of cases, the mind of the victim has played a trick. Therefore, we now begin a close examination of the reasons people allow themselves to be fooled by popular opinion about economics. Once you are able to recog-

nize the way in which that kind of trick may be used to control your mind, you are, at the worst, less likely to be tricked again. We begin with that fact.

1. Escaping from an Imaginary Goldfish Bowl

Once again, the subject of this report is economics. By economics, I mean, first of all, a branch of physical science which was first discovered and developed by Gottfried Leibniz, over the interval 1671-1716, which he named “physical economy.” Up to the present day,⁵ Leibniz’s original definition of that branch of physical science, supplies the only known basis for the development of political economy *as a branch of physical science*. My own original discoveries in this field, were a continued, qualitative development of notions first introduced to my thinking, by him.

To introduce the treatment of that subject to be presented here, I now supply a series of indispensable, summary technical definitions of topics to be referenced in the course of this report.

By “physical economy,” I mean the individual’s physical relationship to nature as I shall define that relationship, once again, in a later section of this report. For the moment, I shall emphasize, that it is a relationship situated within the medium of his or her historically determined, functional relationship to society.

More broadly, the emphasis is upon the relationship to nature of humanity as a whole, and that of that society in particular, as expressed in three rough estimates: 1.) The increase of physical output, to society, per capita, over necessary physical input, from society, per capita; 2.) The ratio of physical input-output per capita, measured in terms of per square kilometer of the surface area of the entire society, and the Earth as a whole, respectively; and, 3.) The correlation of such increases in physical input-output, with improvement in the life-expectancies and related demographic characteristics, of growing entire populations over successive generations.

These raw measurements of physical-economic performance, presume efficiently corresponding changes in society’s actions on nature. That means, that the efficiency of the response of nature to mankind’s actions, is improved through those qualities of willful innovations in man’s actions, which are typified by experimentally validated discoveries of universal physical principles, as those qualities of innovations are applied to both society in particular, and nature in general.

As I have elaborated the argument, in many locations,

5. It should not be considered necessary for me to show, once again, what I have covered more than adequately in many earlier locations: that the notion that Bernard Mandeville, Adam Smith, Jeremy Bentham, et al., are competent authorities in the field of political economy, is an intrinsically anti-scientific belief.



Chairman Greenspan remains in control

over approximately a half-century to date, the most crucial of the events which define a successful act of physical economy, is the application of the discovery of an experimentally validated universal physical principle, as this would be typified by the reader's re-enactment of Johannes Kepler's original 1605 discovery of a universal principle of gravitation, and Gottfried Leibniz's related, and also uniquely original discovery of the calculus and of the still higher, subsuming notion of a monadology.⁶ This quality of action is not limited to what have been customarily termed "physical principles," but includes similarly defined discoveries in the domain of what I shall identify, later here, as the cognitive aspect of human relations, as the latter are typified by principles of Classical artistic composition.

By physical science, I mean the modern definition of experimental physical science, as introduced to modern European civilization by Nicholas of Cusa's *De Docta Ignorantia*.⁷ This is the modern science continued by such avowed followers of Cusa as Luca Pacioli, Leonardo da Vinci, and Johannes Kepler. This notion of science is grounded on the general principle, that we know nothing except that which is experimentally validated as a discovery

6. J. Kepler, *New Astronomy*, trans. by W.H. Donahue (Cambridge, U.K.: Cambridge University Press, 1992). Cf. Lyndon H. LaRouche, Jr., "Faith, Hope, and Agape!" *EIR*, June 1, 2001.

7. See, Helga Zepp LaRouche, speech on May 6, 2001 at a conference of the Schiller Institute and International Caucus of Labor Committees in Bad Schwalbach, Germany, *Fidelio*, Summer 2001; also, Pope John Paul II, message to a Mass at the Cathedral of Trier in Germany, May 15, 2001, cited in "His Ideas Are Efficient to This Day," *EIR*, June 8, 2001.

of a universal physical principle.⁸

The branch of physical science called physical economy, addresses the discovery, transmission, and cooperative action of experimentally validated universal physical principles, that to the purpose of increasing man's power within and over nature. My own original contributions to the further development of the science of physical economy, typify the application of Cusa's method of *docta ignorantia*, as does my praise for certain crucial aspects of the contributions by V.I. Vernadsky, and my adoption of the standpoint of Bernhard Riemann's revolutionary definition of physical geometry.

Within the practice of that branch of physical science, we are often confronted, in actual cases, with the pathological effects caused by the persistence and recurrence of both assumed principles which are false to reality, and of

arbitrary practices whose violation of principles causes destructive effects during the medium to long term.

In the present section of this report, I focus upon the axiomatic features of those forms of socio-pathological economic behavior, which are relevant to the root-causes for the presently onrushing, planet-wide financial collapse. As I have already indicated at the outset, my emphasis in this present section, is on the increasingly aberrant mass-behavior of the recent period of approximately thirty-five years, especially U.S. mass behavior. In the later, following sections, I summarize the needed alternative to recent U.S. habits in economics and related practice.

The Children's Games Adults Play

Perhaps most of you may have heard the story, that a goldfish, released into a pond, after months spent swimming in a small bowl, would continue to swim in the same tight circles to which life in the bowl had accustomed that creature. While I am willing to apologize to that goldfish, should he prove to be falsely accused, I shall never be justly compelled to make any apologies for reporting the "goldfish-bowl-like" behavior of many of my fellow-citizens, and of most among our own and other nation's recent choices of elected governments.

8. This is the definition of the modern form of Platonic method, which Cusa named "*docta ignorantia*." It is also the definition underlying Bernhard Riemann's revolutionary definition of physical geometry, in his 1854 habilitation dissertation, "Über die Hypothesen, welche der Geometrie zu Grunde liegen," *Bernhard Riemanns Gesammelte Mathematische Werke*, H. Weber, ed. (New York: Dover Publications reprint edition, 1953).

Something inside people's minds often causes them to fool themselves into limiting their actions to choices within purely imaginary boundaries. They might say, "I did that because I had no choice," when, in fact, there were no grounds which were both real and rational, for accepting such limitations on their choices of behavior.

During my childhood and youth it was widespread practice to use concrete for sidewalks, frequently with the result that each portion of the sidewalk was separated by a crack from the next. Usually, the concrete developed additional cracks. Sometimes, I observed a fellow walking strangely along such a cracked walkway. Curiosity led me to recognize that the awkward gait of such poor fellows, was often caused by his effort not to step on any of the cracks.⁹ Brick sidewalks invited similar behavior. The same kind of behavior was prescribed in certain commonplace children's schoolyard and sidewalk games. There was an "old wife's tale" that matched such plainly neurotic (or, psychotic) behavior: "Step on a crack; break your mother's back!"

In general, there are two kinds of boundaries imposed upon willful human behavior. In one case, the boundary is an efficient physical boundary, which may be fairly described, for that place in time, as existing independently of the individual's, or society's will. In the alternate case, the boundary is not a natural one, but is either purely psychological, or the result of some legal fiction. Sometimes, these psychological boundaries are recognized as examples of neurotic or psychotic behavior; in other cases, the actions may be equally absurd in fact, but, because they occur in the guise of obedience to either political authority, or some popular convention, that society does not usually consider such behavior to be "abnormal" in any general sense of the term, nor as specifically neurotic or psychotic, even when the latter assessment is the only objective one. For example, the belief that society must work within the bounds of what is called "free trade," rather than the American System of political-economy, of Alexander Hamilton, the Careys, and List, is such a delusion.

The mechanism by which such artificial kinds of patho-

9. Creativity and playfulness are normally interrelated phenomena. At least, this is true to the degree that people who are not playful about life in general, and all really serious other matters, are not creative. Something to the same effect was argued by the late Dr. Lawrence S. Kubie, in such of his published writings as *The Neurotic Distortion of the Creative Process* (New York: The Noonday Press, 1961; reprint of 1958 University of Kansas Press edition), and his *Daedalus* feature on "The Fostering of Scientific Creativity," Spring 1962. The rigidly, compulsively deductive man of learning, shows such neurotic qualities. Serious studies prompted by playfulness, are typical of that which separates the prolifically creative personality from the learned dullards. The forms of irony and metaphor which coincide with Leibniz's definition of *Analysis Situs*, are typical of the gulf of distinction between the creative scientific and artistic personality, and the blockheaded dullness of the uncreative pedant. Most of my own important discoveries, as well as my significant capacity for problem-solving of a certain type, are the fruit of the kind of playfulness, which is illustrated by that impromptu study of the crack-skippers' gait.

logical behavioral values become socially induced forms of irrational behavior, is typified by studies of the manner in which children play and invent games. Among adults, that childish tradition is typified by the kind of purely positive, virtually fascist doctrine of law, as such rules are made up childishly, in such forms as the influence of Carl Schmitt, the architect of the Nazi legal system, or the similar behavior of U.S. Supreme Court Associate Justice Antonin Scalia.

This childish trait may also be exhibited in the classroom, where students have often been conditioned into interpreting the universe according to the conventional classroom definitions, axioms, and postulates of a so-called Euclidean geometry. In such a geometry, as taught at the schoolroom blackboard, so-called conventional forms of arbitrary beliefs rule as axioms, instead of experimentally demonstrated universal physical principles. So, the child may grow up to become that unfortunate adult, who claims to "know" only the traditions which "my parents and schools have taught me."

The same childish trait also occurs in the stubborn declaration, "I believe only what my senses tell me," by the poor fish who insists that the universe outside his aquarium is the pictures which a child had pasted on the exterior surface of that aquarium, or the poor couch potato who believes that the world at large is what is told and shown to him by his Orwellian television set. Such are examples of the ways for substituting the methods of childish games for conceptions of the real universe.

Given the evidence, that not only individual persons, but even entire societies fool themselves in such ways, how could you, confined within the skin on which your living existence depends, distinguish what is real about objects existing outside your skin, from the objects of a fantasy-world?

Begin with the case of the person who is deluded by the assumption that, "What is real, is what my senses tell me." What are that person's senses, that he should rely upon them in that way? Should we, perhaps, recognize as behind such truculent utterances, a fearful note of hysteria, the plaint of what one famous American described, autobiographically, as "a life of quiet desperation"?

Ask yourself, "What are our senses?" These faculties of sight, hearing, touch, and smell, are what are fairly described as sources of impulses ostensibly transmitted to the brain by what we call sense-organs. These sense-organs are, in turn, living tissue, tissues secreted by the elaboration of our bodies, tissues, some of which are part of the brain itself, which transform their sensations into what becomes the input sent into the brain.

What is sent to the brain, is the sense-organ's reaction to a stimulus, *not that which prompted the stimulus*. There is nothing in the sensation itself, or in the "message" it transmits to the brain, which is a truly objective representation of the event to which the sense-organ has reacted. Our sensations may usually reflect events which have actually occurred outside our skins, but there is nothing in the perceptions associ-

ated with those sensations, which is, functionally, an actual replica of the experienced events.

You would therefore be badly, even tragically mistaken, if you simply assumed that reality is primarily what you consider the experience of your senses. The experience may be real, but the implied outside agency might not have existed; even if the outside stimulus had existed, you had no evidence from sense-perception as such, from which to conclude, that that which occurred outside your skin, was “objectively” in the form your brain interprets its sense-experiences as such. Therefore, those who actually know much of anything about such matters, have rejected the childish superstition, that “seeing is believing.”

The Universe as We Know It

The greatest philosopher of European civilization, and founder of its scientific method, Plato, compared such sense-experiences to shadows on the irregular surface of the wall of a dimly firelit cave. Unless the sense-organs have made a mistake—which they sometimes do, the shadow you call experience is the shadow of something which has, functionally, real existence; but, that perception is not the same thing as the reality which has caused the shadow to appear to your senses. As modern microphysics illustrates this point, perhaps most forcefully, the challenge is to discover what caused that shadow to appear to your senses.¹⁰

There are characteristics of the healthy form of those cognitive processes we attribute to the human brain, which prompt us to assess it as a most remarkable living organ. The point is to know what it is that that organ actually does, not to credit it with all kinds of things it does not, and could not do.

Therefore, the first question is: What do we mean by the word “to know”? The second, follow-up question, is: “What is it possible to know, and how?”

In the case of the mythical goldfish, the assumption has been made, that the goldfish learns to behave in conformity with what behaviorists call a “conditioned reflex.” It is assumed, that repeated experience, such as bumping against walls, “teaches” the goldfish to move within certain ranges equivalent to those of the repeatedly experienced boundaries.

The behaviorist argument is a copy of the argument made by the Eighteenth-Century, pro-satanic ideologue, Bernard

10. From the standpoint of materialism or empiricism, what perception represents as an individual object, acts upon other objects, and is acted upon by other objects, as the empiricists insist upon that view. From the opposite standpoint, that of competent physical science, reality is not composed of collisions among objects, but of the object’s role in changing, and being changed by, the characteristics of the domain in which it acts. In other words, it acts upon the action within the domain in which it occurs, rather than the false view, in which the domain is composed of the sum-total of interacting objects. The correct view is to be seen most clearly from the standpoint of the science of physical economy, that for reasons I shall summarize at a later point in this report. In the meantime, focus upon the role of the human mind; we shall come to the physics of the matter a bit later.

Mandeville,¹¹ the argument adopted by Friedrich von Hayek’s and Professor Milton Friedman’s Mont Pelerin Society.¹² The same assumption was made on behalf of feudalism by Physiocrat Dr. François Quesnay, and Quesnay’s wild-eyed *laissez-faire* argument was copied by Lord Shelburne’s lackey Adam Smith. Among disordered minds such as those of Mandeville, Quesnay, and Smith, like the notorious Bogomil (Cathar) cult before them, the belief prevails, that, under the statistical floorboards of the empiricist’s universe, there dwell invisible little green men, known to some as “the Invisible Hand.”¹³ This “invisible hand,” is the pagan god the “free trade” devotees actually worship and service, which, according to them, tilts the roulette-wheel of fate, to cause some men to become rich, and others ruined.

The empiricist, in his role as a behaviorist, assumes, as Kant did, that the choices of “conditioned reflex” determined by large numbers of either percussive, or percussive-like, billiard-table-like impacts, determine statistical phenomena which they regard as substitutes for ideas. Kant’s notion of “negation of the negation,” fairly summarizes the empiricist view on this matter. Charlatans akin to Kant, term the kind of behavior producing such fictitious constructs, as a hedonistic quality of “human nature.”¹⁴ Similarly, such charlatans argue, and superstitious people often believe, contrary to Louis Pasteur, for example, not only that human intelligence can be replicated by non-living, computer-like machines, but that life itself must have originated in a molecular biology of non-living material.

If, as I have just insisted, sense-perception is not knowledge of the real world, then, what is? Why do I recognize Plato as the first known elaborator of that quality of scientific method we should associate with the work of Nicholas of Cusa, and such followers of Cusa as Leonardo da Vinci, Johannes Kepler, and Gottfried Leibniz? Let us start with the

11. *The Fable of the Bees, or Private Vices, Public Benefits* (London: 1714).

12. Friedrich von Hayek, “Dr. Bernard Mandeville,” *The Collected Works of F.A. Hayek*, W.W. Bartley III, ed. (Chicago: University of Chicago Press, 1989).

13. The behaviorist form of this same argument is the central feature of Immanuel Kant’s ideology, as featured in his *The Critique of Practical Reason*, under the section-heading “The Dialectic of Practical Reason.” Kant’s argument there is copied by Dr. Sigmund Freud as the latter’s doctrine of repression.

14. Granted, pathological traits of certain cultures and of individuals, such as the circles of President George W. Bush, Jr., may cause them to exhibit the traits popularly associated with an hedonistic personality-type, rather than the alternate assessment, that such traits are symptoms of a diseased form of human culture, or simply a pathological form of the development of the personal character of the individual. As I shall emphasize, afresh, later in this report, the innate quality of the human individual is goodness. The goodness may require redemption, but like any intrinsically good value, it exists to be redeemed. It is consistent with the avowed common intention of the doctrine of Mandeville, et al., that they advanced their misanthropic view of human nature, in order to give license to the practice of evil by their followers.

word “universe.” What should we mean when we use that word? Since no one has ever seen, heard, touched, or smelled an actual universe, what, first of all, is the object which corresponds to a non-silly use of that name, and, second, how do we know that object to exist?

The literate use of the terms “universal” and “universe,” signify the notion of “everywhere,” or, in other words, “in all cases.” Therefore, the sane use of those terms could never mean a single object of sense-perception, or a mere collection of such objects. It means a *principle of action* which is efficient everywhere; the term *universal physical principle* is paradigmatic. Thus, the only sane choice of referent for the word *universe*, is the notion of the existence of an open-ended, coherent collection of efficiently interacting universal physical principles.

This notion of a universe incorporates what Carl Gauss’s greatest student, Bernhard Riemann, defines as a *multiply-connected manifold*. Riemann’s famous habilitation dissertation of 1854, is the first explicit statement of a general principle of *physical geometry*, to replace every variety of Euclidean and other “at-the-blackboard” variety of abstract geometry. Riemann’s use of “multiply-connected manifold” and “hypergeometry,” and my own use of the term “physical geometry,”¹⁵ are cases of different terms which signify the same thing. The history of the scientific method leading axiomatically into Riemann’s discovery, is inseparable from both Johannes Kepler’s uniquely original discovery of universal gravitation, and Leibniz’s related, and uniquely original discovery of the calculus.¹⁶

Those notions neither include, nor tolerate the idea that something exists outside the universe so defined. In any sane society, “little green men under the floorboards,” and “invisible hands,” are strictly confined to the psychiatric wards.

The next question is: *How could we know a definite such, actual universe to exist?* What is the nature of that remarkable object?¹⁷

Your Children Must Study Geometry

Since the seminal work of Plato, as, for example, in his *Timaeus* dialogue, the most effective, most direct approach

to today’s discussion of the notion of universality, requires us to introduce a crucial technical point.

The most efficient approach to the question just posed, emphasizes the contrast between so-called *Euclidean* geometry and what Leibniz’s follower, and Gauss’s teacher, Abraham Kästner, defined as *anti-Euclidean* geometry. The meaning of “anti-Euclidean” geometry, as distinct from “non-Euclidean,” becomes clear though the continued development of Leibniz’s notion of *physical* geometry. The notion of an anti-Euclidean geometry, as developed after Kästner, by such notable figures as Gauss, Lejeune Dirichlet, and Bernhard Riemann, is a result of that still ongoing progress.¹⁸ I emphasize, in contradiction to much classroom and textbook error on this subject, that the distinction between the two terms, “anti-Euclidean geometry” and “non-Euclidean geometry,” is not a mere difference in terminology; there is a fundamental matter of physical-scientific method at issue.

What globally extended modern European civilization named “Euclidean geometry,” came into existence as a review of the earlier development of geometry, including, among its most crucial elements, the contributions of Plato and his Academy.¹⁹ Reference to the pre-“new math” version of widely accepted classroom geometry, suffices as a choice of reference for the purpose of our discussion here. Begin with the way in which modern classroom convention, up into the 1950s, often used a Euclidean, quasi-Cartesian notion of space and time, as a way of representing what was often claimed to be the way to represent physical universality at the classroom blackboard.

In such classrooms, a Euclidean geometry of what was assumed to be the physical universe, was premised upon induced acceptance of what were called *definitions*, *axioms*, and *postulates*. These consisted of what were usually described as “self-evident truths,” and were, in that sense, either arbitrary intuitions, or, as postulates, inserted to resolve certain deductive inconsistencies, or ambiguities in the system of definitions and axioms. It was usually assumed that such postulates not merely perfected the system of definitions and axioms; but, this often implied, for those who held to an extreme view, that the postulates asserted nothing that should not have been understood to inhere, as corollaries, in the set of definitions and axioms itself.

15. Not overlooking the revolution which I have made, by my expanded application of these terms.

16. Leibniz created the calculus as a solution to a problem defined by Kepler. Leibniz’s calculus also incorporates the principle of relativity of space-time which he, together with Christiaan Huyghens, Jean Bernouilli, and others, developed in response to Fermat’s related discovery of a universal principle of “quickest time” as the alternative to the popular notion of shortest distance. Thus, Leibniz’s calculus, contrary to the castrated version produced by Augustin Cauchy, is premised upon a true notion of the still, today, misunderstood notion of universal non-linearity.

17. In mathematics, the idea of such a universality is associated with an actual infinity, as distinct from a pathological use of the term, such as “at infinity.” Since nothing exists outside the universe, as I have defined it here, infinity is not a number; it is a notion of the universality of cases within a self-bounded

universe, outside of which nothing exists, and for which no exact number could exist.

18. Anti-Euclidean geometry is not to be confused with the, unfortunately, all too common explanations of “non-Euclidean geometry.” The opening paragraphs of Riemann’s 1854 habilitation dissertation outlaws all of the notions of definitions, axioms, and postulates associated with a classroom Euclidean geometry. Kästner student Gauss shared the essential feature of his follower Riemann’s views on so-called Euclidean geometry, but avoided making that politically hazardous view public until the controversy with young Bolyai brought the issue to limited public attention.

19. E.g., *Euclid: The Thirteen Books of the Elements*, Sir Thomas L. Heath, trans. (New York: Dover Publications, Inc., 1956).



“The competent student does not believe that a Euclidean geometry is the standard for mathematical physics; rather, he, or she, wrestles it, seeks out its weaknesses, and thus conquers, and supersedes it.”

This effort to explain the physical universe from the standpoint of such an essentially fanciful geometry, was understood to be a way of explaining the *deductively* attributable form of observed relations among those shadow-objects which exist only in the form of sense-perception.²⁰ During the rise of the Roman Empire, this doctrine came to be associated with the method attributed to the principal writings of Plato’s adversary Aristotle, whose works the pagan Romans revived.

Typical of this latter trend, was a notable, deliberate hoax against the previously established competence of Classical Greek science, the hoax which was perpetrated by Claudius Ptolemy. Ptolemy concocted a system to make astronomy appear to conform to the dogma of Aristotle. The result was a pro-Aristotelean hoax, the so-called geocentric system of epicycles, which came to replace the experimentally

20. This includes objects which were not actually experienced, but are concocted as something which the believer presents as in the form of actual objects of sense-perception. “Invisible ghosts” are included among such fantastic objects, objects which, although not perceived, have the same attributes as objects which are perceivable.

grounded solar hypothesis of pre-Roman, Greek science. Ptolemy’s hoax continued in authoritative use even after Kepler had conclusively proven that method, including such examples as the method of the empiricist Galileo, to be anti-scientific.²¹

Nonetheless, the Euclidean view of physics, space, and time, has been ironically useful in classroom and related work, up to the present day. Ironically, this usefulness is found chiefly in its devastating fallacies, more or less as the study of diseases produces benefits in knowledge which reach beyond the mere mastery of such diseases themselves. The competent student does not believe that a Euclidean geometry is the standard for mathematical physics; rather, he, or she, wrestles it, seeks out its weaknesses, and thus conquers, and supersedes it.

To recognize why it is urgent to insist on the term anti-Euclidean, it is sufficient to observe the fact, that the customary classroom use of the term non-Euclidean geometry, refers to certain new developments within the bounds of the same method already associated with what modern classroom tradition had recognized as Euclidean geometry. The most famous of these non-Euclidean geometries, are those of Bolyai and Lobatchevsky. These challenge aspects of the system of postulates of what is otherwise the generally accepted classroom view of Euclidean geometry. Therefore, they are rightly termed “non-Euclidean,” as distinct from “anti-Euclidean,” the latter physical geometries are those which reject the Euclidean axiomatic system, as Riemann did. “Non-Euclidean geometries” have a certain usefulness, but fail to grasp the deeper issues addressed only by an anti-Euclidean geometry.²²

The Euclidean “ivory tower” model of geometry, is the typical model to be confronted in the mathematics and physics classroom, to show two things. First, to use the method of exposing the kinds of insoluble paradoxes internal to any closed, formal deductive system, to show the absurdity of blind faith in sense-perception. Second, these fallacies, which inhere in any implicitly closed deductive system, provide the most convenient classroom example of the way in which a “goldfish-bowl mentality” causes entire societies to insist on doing obviously stupid and destructive things to themselves, as I expose that problem in this report.

To clarify this important point in this report, it were prudent that I stay with the choice of examples I have used in other published locations, the cases of the way in which the

21. Kepler, *New Astronomy*. Although Copernicus copied Nicholas of Cusa in restoring the Classical Greek Solar hypothesis, as Kepler demonstrated (op. cit.), Copernicus’ method was the same childish, “connect-the-dots” one used by Ptolemy and Tycho Brahe.

22. For example, Hermann Minkowski, in his celebrated lecture on Space, Time, and Matter, adopted Lobatchevskian non-Euclidean geometry as the method for representing the principle of relativistic time. It was an inspiring lecture, but the Euclidean assumptions buried within the argument led toward a dead end.

fundamental discoveries of Kepler and Fermat set a comprehensive form of modern mathematical physical science into motion.²³ I explain why I chose those illustrative cases.

By using the term “comprehensive” in that way, we mean “universal,” or, as I have said, a “universe.” In much of the development of modern physical science, the method by which progress toward the goal of universal conceptions has been achieved, is by challenging pre-existing assumptions, such as those of Euclidean geometry, which had been held up as universal. Challenging the generally accepted classroom definition and use of the Euclidean system, is the most convenient way of attacking the general problem of so-called universal systems, such as systems of popular axiomatic beliefs.

For that purpose, the development of modern experimental physical science, has relied upon Cusa’s definition of the Platonic method as a Socratic *docta ignorantia*. The best way to describe the most successful applications of that method, is to show some important examples of such successes, by describing those cases in terms of what Leibniz identified as “*Analysis Situs*.” The best such examples to be used to introduce this application of *Analysis Situs*, are those successes based on directly refuting the attempt to explain the universe in terms of devastating paradoxes incurred by the use of Euclidean geometry as a model for mathematical physics. This produces the relevant, added benefit, of illustrating the systemically pathological error of regarding physics as a branch of formal mathematics.

The significance of our use here of two examples from the work of Kepler and Fermat, is that these two sets of discoveries are outstanding successes, in constructing paradoxes which overturn the Euclidean notion of universality; paradoxes of that type have had a vast and deeply embedded impact in leading to much of the most important achievement of modern science.

Kepler’s overthrow of the use of the ivory-tower fantasies of Euclidean geometry in the practice of physical science, led him to the original discovery of the principle of universal gravitation, and, by this discovery, establish, for the first time, the construction of a comprehensive mathematical physics based upon the notion of an efficient universal physical principle.

He showed that it was incompetent, to attempt to derive the orbit of planets of the Solar System by means of extrapolation premised upon the kinds of calculations inhering in a Euclidean model of geometry. He showed, that to predict both the position and velocity of a planet at some randomly chosen future time, we must introduce the *intention* represented by a principle entirely outside the Euclidean form of statistical “connect-the-dots” extrapolations, such as the method of extrapolations proposed by Galileo.

Fermat showed, from study of the experimental evidence,

23. Op. cit.

that the pathway of refracted light was not determined by a principle of shortest distance, but, rather, of the quickest time. Fermat’s theorem was then developed by Christiaan Huyghens, Leibniz, and Jean Bernouilli. The leads supplied by these combined discoveries of Kepler and Fermat, pointed their followers into the development of the notion of a relativistic mathematical physics as provided by Riemann. The case of Fermat’s referenced discovery of quickest time, provides the simplest and best illustration of the principle of *Analysis Situs*.

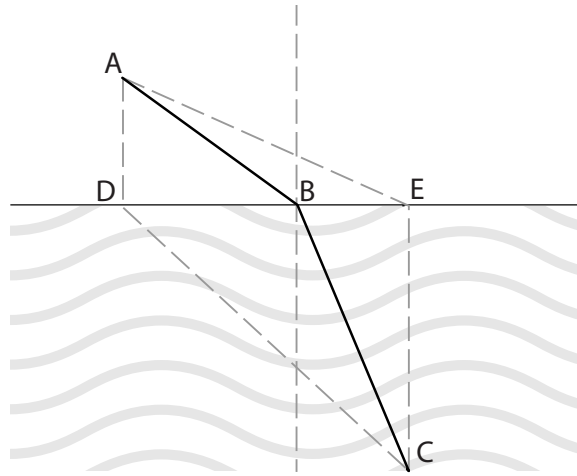
Given a geometry, such as a Euclidean geometry. Use the geometry as the basis for a mathematics to be used in the practice of physical science. Now, state the results of Fermat’s experimental observations of both reflection and refraction of light in that geometry. Introduce to that geometry the assumed dimension of time, with the implicit assumption that light moves fastest across the shortest distance between two points. The result of the attempt to provide a Euclidean sort of mathematical juxtaposition of events adduced from an observation of motion along a quickest path, rather than shortest distance, is a paradox within a physics based upon the definitions, axioms, and postulates of a Euclidean geometry.

Fermat’s “quickest pathway” paradox, is comparable to the paradoxical results upon which Kepler was led to his discovery of universal gravitation. This latter paradox Kepler proved by his more meticulous study of the astronomical observations made variously by both Tycho Brahe and himself, that a mathematical physics designed to be consistent with a Euclidean geometry, or the method of Aristotle, was incurably wrong.

So it went, until Riemann’s revolutionary 1854 habilitation dissertation, when Riemann brought the process to a certain conclusion. Since Riemann, no definition, axiom, or postulate has any place in a geometry of physics, except as it is proven, experimentally, to be a universal physical principle.²⁴ That discovery by Riemann, is also crucial, as I shall show, for understanding the cure for the kind of pathological behavior commonly expressed in everyday decisions on policy in the U.S. today.

That said, now focus attention back on the question from which we started this section of the report: *If sense-perception does not show us the actual universe outside our skins, how could we possibly know what lies “out there”?*

24. If one understands Riemann’s work, one recognizes that the foundation of what became known as a Riemannian manifold was already richly embedded in the preceding work of Gauss. The principal difficulty for the student of the history of mathematical physics, is that Kästner student Gauss already understood, as a youth, and also used the significance of an anti-Euclidean physical geometry throughout his later work. Gauss’s exchange of letters on this subject, as with both Janos and Farkas Bolyai, and also others, refers to both that youthful work, and also references the political reasons Gauss did not dare to reveal his discoveries to that effect during most of his adult life-time. One should never underestimate how much of Gauss there is in Riemann’s revolutionary discoveries. I will not cater to such an underestimation.



Fermat's Principle of Least Time: When a ray of light passes from air into water, the light ray is bent. In the illustration, AB is the light ray in air, BC, the new direction of the ray after it enters the water. When the ray passes from a less dense to a more dense medium, it always bends towards the normal (perpendicular) to the surface, but the angle depends upon the density of the medium it is entering.

In 1661, the French philosopher and mathematician Pierre de Fermat, proved that the light bends at such an angle that it always traverses the path from A to C in the least time. This is Fermat's celebrated Principle of Least Time, which he hypothesized to be a universal law of nature ("Nature always acts by the shortest course").

We have just answered that question, at least in first approximation. By applying Cusa's Platonic method of *docta ignorantia* to challenge the arbitrary assumptions associated with either sense-perception or sheer fantasy, as Kepler, Fermat, and their followers did, we may discover experimentally validated universal physical principles whose existence and characteristics are known in practice. Those proven principles were named by Plato *ideas*.

We know such ideas of universal principle, because we are able to demonstrate that we are able to increase mankind's practical power in and over the universe by means of applying such discoveries. Moreover, we are able to do this, as we can not accomplish such resulting increases in potential relative population-density in any other way.

There are five principles by means of which we can know the actual existence of a universe as being contrary to the naive images we associate with sense-perceptions.

1. Any assumed set of principles can be tested experimentally in ways which show that set to be essentially false in some part. Fermat's discovery of a principle of a pathway of quickest time is an example of such a proof.
2. Such an experimentally based, or functionally equivalent paradox, challenges the cognitive powers of the individual mind to invent a hypothetical uni-

versal principle, which, if proven, will either overturn the challenged principle, or will serve as an added principle not to be excluded from consideration in such cases.

3. The experimental, or functionally equivalent proof for the universal case, transforms the successful hypothesis into a universal physical principle. This is the case for what today's classroom customarily considers physical science; it is also the case for matters pertaining to relations among individual human minds, as typified by experimentally validated universal principles of Classical artistic composition.
4. In no case, can any proven universal principle be identified as an object of sense-perception.
5. Universal physical principles are ideas which govern the actual relations among the objects of sense-perception. Sense-perception pertains to the shadows, whereas the principles corresponding to valid hypotheses, are the unseen, experimentally demonstrated, efficient causes of *the existence of the behavior* among the shadows.

This gives us immediately, two very important results.

First, it shows us that sense-perception does not betray us, on the condition that we do not misinterpret the benefit it presents to us. However, we must never forget that the objects of sense-perception are merely the shadows of the reality we are experiencing. Second, that it is by using the principle of paradox, as illustrated by the method of *Analysis Situs*, we are able to craft a purely mental image of the causes which the patterns of behavior among those shadows merely reflect. We are then, thus enabled to act in ways which change the way in which those shadows behave. It is our success in bringing about willful changes in the behavior of those shadows, which is rightly known as Socratic truthfulness, or, in other words, science.

Microphysics is but one, relatively obvious example, of the willful changes in perceived behavior caused by efficient application of unseeable causes.

Gravitation, For Example

Usually, today's citizen who is "walked through," step by step, even the first crucial phase of Kepler's discovery of the principle of universal gravitation, must find his, or her mind gripped by the sense that he, or she is experiencing the universe in a new way. In his 1605 *New Astronomy*, where the original discovery of the principle of universal gravitation was first reported in print, the citizen is shown that the orbit of a planet, such as Mars or Earth, can not be determined by projecting a future position of the planet as a statistical projection. It could not be predicted by the methods used by Copernicus, or Brahe, for example. Kepler asked himself, what is the *intention* which governs the regular orbit of the planet.

Consider only the simplest aspects of Kepler's discovery on that point. Beginning from study of the observation of the orbit of Mars, Kepler determined that the orbit described an ellipse, not a circle, and that the Sun was located at one of the two focal points of that ellipse. Then, by measuring the rate of change of the angle the planet moved in its orbit, Kepler determined that the planet swept out equal areas of its elliptical orbit in equal time.

Halt at that point, and consider what this series of observations says about the way people think about what they consider objects moving within their perception of the world around themselves. Consider the angular motion of the planet along its orbit. In this case, that means observing Mars, from a fixed point on a rotating Earth, an Earth which is orbiting the Sun, as is Mars.

At this point, the citizen should draw a map of the region of the Solar System including the Sun, Earth, and Mars. The citizen should think about both the orbiting and rotating motion of Earth and Mars, relative to the Sun. Forget the simplistic, textbook explanations. Then, crucial details of Kepler's method of work are forced to our attention.

Remember, that the evidence proving Kepler's system, in opposition to the methods of Ptolemy, Copernicus, and Brahe,

is evidence based upon the sense-perceptions of the successive positions of those Solar bodies. These are the shadows on the irregular surface of the wall of a dimly lit cave. Kepler's principle defines the observed change of position of the planet; the methods he rejects do not. Therefore, the method he uses is proven experimentally, while the method used by Ptolemy, Copernicus, Brahe, and Galileo is proven incompetent.

In other words, the difference between the Platonic method of Kepler and the Aristotelean method of Ptolemy, Copernicus, and Brahe, is that Kepler's method exposes the way in which changes in the sense-perceptual positions of the planets occur, whereas the Aristotelean and empiricist methods do not. The difference is, that the failed methods each and all rely upon the assumption that what is real is what is perceived; whereas, the scientific method, as typified by the discoveries of Kepler, defines the certainty of the unseen principles which cause the observable changes in the shadows called sense-perception. The practice of microphysics illustrates the point quite nicely.

How might we know something which we can not observe directly with the senses? How can we know a principle in an efficient way?

We define a paradox in the form of *Analysis Situs*, by applying what is assumed to be a universal mathematical physics (for example) to evidence which is valid in terms of that supposed universal system. In the case, that the deductive application of that system shows that a pair of pieces of evidence, each equally valid by the standards of experiment used for that system, produce statements which are mutually contradictory in the terms of that system. Fermat's case is typical.

Since the system applied assumes itself, implicitly, to be universally efficient in what is assumed to be the real universe, such a paradox is called an *ontological paradox*, a paradox in the conception of the nature of the elementary existence of universal substance. The solution to such a paradox must be either, the deletion of some false principle or principles of the system, the addition of one or more validated principles, or a combination of both corrections. Focus on the case in which a single correction of principle is required. How is that solution to the paradox to be discovered?

I have described that process in numerous earlier published locations.²⁵ Briefly, the discovery is generated within the sovereign cognitive processes of the mind of the individual discoverer. These processes are opaque to observers; they are processes which can not be observed as subjects of sense-perception.

However, the experience of such a discovery of principle

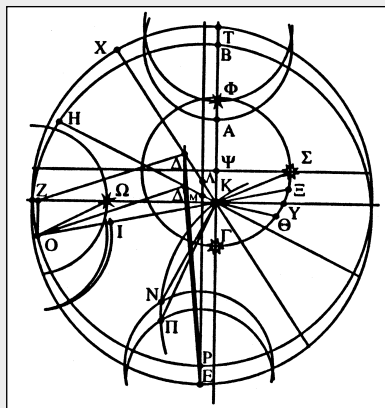
25. See, Lyndon H. LaRouche, Jr., "A Philosophy for Victory: Can We Change the Universe?" *EIR*, March 2, 2001; _____, "The Tragedy of U.S. Education: Shrunken Heads in America Today," *EIR*, April 20, 2001; and _____, "Faith, Hope, and Agapē!" *EIR*, June 1, 2001.

The Keplerian Revolution

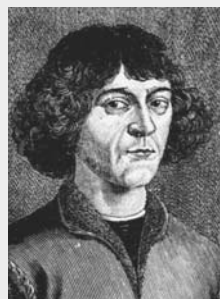
The difference between the Platonic method of Kepler and the Aristotelean method of Ptolemy, Copernicus, and Brahe, is that the failed methods rely upon the assumption that what is real is what is perceived; whereas Kepler's scientific method defines the certainty of the unseen principles which cause the observable changes in the shadows called sense-perception. Shown here are diagrams from Kepler's *New Astronomy*.



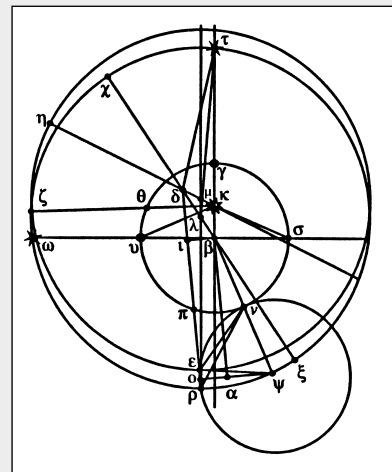
Claudius Ptolemy
(2nd Century A.D.)



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.



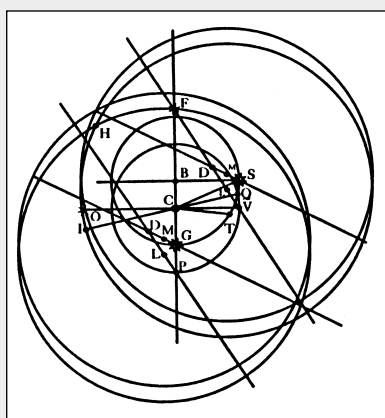
Nicolaus Copernicus
(1473-1543)



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.



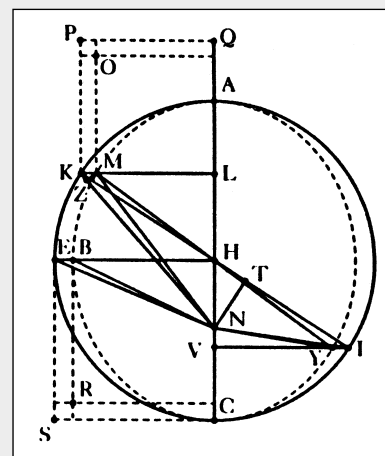
Tycho Brahe
(1546-1601)



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)



His *New Astronomy* shows how he developed what he calls "a method, using this physical—that is, authentic and perfectly true—hypothesis, of constructing the two parts of the equation and the authentic distances, the simultaneous construction of both of which was hitherto impossible. . . ." This diagram is one of many by which he charts his revolutionary discovery of the physical principles which result in the elliptical orbits of the planets.

in the mind of one person, can be re-enacted within the mind of another. By sharing the paradox which the proposed principle (called an *hypothesis*) solves, and the experimental demonstration of that principle, two minds can come into agreement

on the essential features of the act of discovery replicated in both minds.

As I have emphasized in earlier locations, just so do the sovereign cognitive processes in the mind of a student today

re-experience the same act of discovery which prompted Archimedes to shout “Eureka!” more than 2,200 years ago: all competent methods of education, are based upon that method of inducing re-enactments of validated original acts of discovery of universal principles. These are what are known as *Classical humanist methods of education*.

Study of Kepler’s writings, shows us today that that Classical humanist method of education, the method of *docta ignorantia*, was the basis for the practice of Kepler, as for Leibniz, and so on.

If those methods of education had been used in U.S. public schools and higher education, during recent decades, and if those methods had supplied the standards for defining competence for responsible positions of influence in public and private occupations generally, the U.S.A. could never have drifted into the terrible mess it is in today.

Today, competently educated people know, that the definitions, axioms, and postulates of a Euclidean geometry are false principles, disastrously so when they are applied to physical science. However, the special importance of those false principles, lies in the fact, that the Euclidean standpoint presumes itself to be a representation of our universe; therefore, every principle which is proven by refuting the falseness of a Euclidean assumption, represents a step forward by human reason, toward increased potential for human mastery of our universe, with the aim of indefinitely increasing potential relative population-density of the human species. It is a step of progress away from those pathological systems of belief which tend to ruin, or even destroy, nations and cultures. It is freeing one’s mind from life in a self-imposed goldfish bowl.

2. Science and Society

In the preceding section, we have considered the nature of those pathologies of belief and behavior associated with ideas about mathematical physics. We included emphasis upon the dangers risked in the use of Euclidean geometry as a model of universality, for controlling man’s intended actions upon the world around us. We identified a contrasted, healthy form of universal physical system of axiomatic assumptions (principles), as a multiply-connected manifold of a Riemannian type.

In this present section, we focus on the pathologies of a second quality of such a multiply-connected manifold. Our attention is now focussed upon the axiom-like assumptions about society, which underlie the way in which specific individuals and groups form those decisions which they attempt to impose on both society and the surrounding parts of the universe.

With the addition of this present section, we shall be able to explore directly those pathologies we associated with the image of the fish in a pond who imagines he is swimming in a goldfish bowl.

We must take individual belief into account; but, our emphasis here is upon economic, political, and other social behavior, of both nations and large groups within and among nations. Our emphasis is upon nations and groups whose net behavior (its so-called “cultural paradigm”) tends to conform to the axiomatic implications of some specific set of such assumptions. These are assumptions which define the behavior of one group as either specifically distinct from that of other groups, or approximately so.

I illustrate what I mean by such distinctions among specific types of social paradigms.

Typical are the qualitative differences in behavioral impulses between two large groups in the U.S.A. One is the tradition of a science-driven agro-industrial society organized in a way which at least approximates U.S. Treasury Secretary Alexander Hamilton’s description of the anti-British, American System of political-economy. The chief opponents of that American System within the U.S.A., opponents whom President Franklin Roosevelt identified as “the American Tories,” are those who, like both the Ku Klux Klanners and the notorious “Nashville Agrarians,”²⁶ share the pro-British tradition of the Confederacy.²⁷

This legacy of two conflicting paradigms, is the underlying cultural issue of the conflict reflected in an attempted political coup against even the last remnants of the American System, by what is regarded as the “radical right” political base of President George W. Bush, Senator Trent Lott, and Attorney General John Ashcroft. This is the now widely recognized conflict which exploded into the public political arena, with Senator Jim Jeffords’ announcement of his break with the Republican Party of Mississippi’s Senator Trent Lott.

Think about that example of two essentially distinct differences in culture, as typified by the U.S. Civil War and its

26. See Stanley Ezrol, “Elliott and the Nashville Agrarians: Warlocks of the Southern Strategy,” *EIR*, Jan. 1, 2001. The Nashville Agrarians, or Fugitives, were launched during 1928-1930 by a group of Vanderbilt University student “poets,” under the leadership of Rhodes Scholar John Crowe Ransom. Their manifesto, “I’ll Take My Stand,” proclaims their support for “a Southern way of life against what may be called the American or prevailing way. . . . Agrarian *versus* Industrial.” Among the founding members (also a Rhodes Scholar) was Harvard’s William Yandell Elliott, the mentor of Henry Kissinger. Despite their historical defense of the Ku Klux Klan, then and now, their manifesto is claimed as a founding document for both the Gingrichite “Conservative Revolutionaries” and the “leftist” environmentalists and Wellisian one-worldists. Today, they exist as the Southern League, which publishes the *Southern Partisan*.

27. My use of “British” here, signifies two characteristics of the English monarchy under William of Orange, and the British monarchy since the accession of Hannover’s Georg Ludwig (a.k.a. “George Louis”), to the present date. The narrower significance is the British system of political-economy, as that was derived from the empiricist liberalism associated with such as Locke, Mandeville, Hume, and Bentham. Politically, it references the British monarchy’s function as the virtual “hereditary Doge” of a ruling financier-oligarchy which is modelled upon the period of Venice’s power as the ruling imperial maritime power of Europe.

legacies. Use your knowledge of both of those clinical, social types, then and now, to identify axiomatic qualities of belief which you are able to recognize as underlying the most typical differences in behavior between these two types.²⁸ Use that case as a model of reference, for my treatment of the subject of cultures, or sub-cultures, which we must regard as mutually exclusive types, when we apply the same standard of species-distinction among axiomatically different geometries.²⁹

That said, I begin with a crucial topic, one with which some of you may be familiar from my earlier published works, but others will be meeting this principle of scientific method for the first time.

You and Society and the Universe

As I shall illustrate that point within the following pages, the most important concept in all science, is *the principle underlying the notion of the perfect sovereignty of the cognitive processes of the individual human mind*. As I have already emphasized, in the preceding section, those are: *cognitive processes by which an individual mind discovers a principle which solves an ontological paradox, a noëtic process which can not be observed in action by the senses of any other person*. That is what I identified, in the preceding section, as the principle of Classical humanist education. One individual's act of discovery can be known by another person, *but only* if the second person undergoes his, or her own, sovereign individual act, of re-enacting the discovery and its experimental validation.

This principle of sovereignty has still deeper underlying implications, implications which, if understood, define the method for solving the kinds of mass pathology which have been pushing the U.S. to the present brink of ruin, over the course of the recent thirty-odd years. To situate those deeper implications, we must return attention, for a moment, to the subject of physical economy.

If we accept a rational meaning for the word "economy," that word implies the development of methods by means of which we increase the potential relative population-density of a society, or of humanity as a whole. By "rational meaning for the word 'economy,'" we signify a notion of a lawful function, as determined by some multiply-connected set of universal principles. Then, we are speaking of a form of organized physical action, by means of which the individual acts to express mankind's increased power to exist, *in and over the universe*, as measured per capita and per-square kilometer of relevant surface-area. These functionally defined forms of

organized physical action, are bundles of interacting universal physical principles, combinations of principles also expressed as the technologies which those discovered principles subsume. All increments in the power of the human species to exist, depend upon the socially determined result of the discovery and application of such principles and their subsumed technologies.

In that degree, those actions express the sovereign cognitive development of the individual person. However, the paradox is: society is not a collection of individuals; the individual is a product of a process which is called society. From the standpoint of what is customarily called physical science and technology, it is the transmission, to the present, of the discoveries which were made as far distant as millennia or even longer in the past, which produces the developed individual intellect in the student and others today. The ability of *society as such* to use a discovered principle effectively, depends upon the re-enactment of that discovery in the minds of others, even very many others. That is the social process within which the existence of the individual is defined.

Hence, the decisive role of a universal Classical humanist mode of education, in fostering the physical-economic productivity of the labor-force as a whole. The content of the transmission of those ideas rightly defined as universal physical principles, depends upon the faculty of cognition in both the person who prompts the discovery of a principle in the mind of the other, and the function of those sovereign cognitive processes on which the other depends for his, or her ability to re-enact that discovery. Without that medium of transmission of discoveries of universal physical principle, the medium of cognitive creation, neither the discovery, nor its actual transmission were possible.

Thus, in that way, the perfect sovereignty of the individual personality persists, but efficient communication of cognitive thought occurs as a functionally efficient coupling without breaching that sovereignty. The larger process expressed by such modes of cognitive communication, is the foundation of the social process upon which civilized forms of cultures and societies depend.

This is a uniquely human quality of function. Excepting the human species, no living species has the power of cognition expressed by the original discovery of an experimentally proven-to-be universal physical principle. No other species has the power to discover and transmit a universal physical principle; no other species has the ability to increase its species' potential relative population-density by an act of individual free will. Man is, as *Genesis* 1 insists, a very special creature.

There is nothing magical about the power of the individual mind to generate valid discoveries of universal physical principles. For example, the collection of the dialogues of Plato, if acted as Classical actors would act a play, is a complete course of the comprehensive, preliminary training of the adolescent and adult mind, both to think cognitively, and to trans-

28. For just one example, contrast the Christian, who believes that God made "man and woman equally in His own image," to the typically racist cases among the Bible-Belters, such as President George W. Bush's Attorney General John Ashcroft, who plainly rejects that principle.

29. The strict definition of such classes of behavior, culture, or society, is approached from the standpoint of Leibniz's notion of a higher calculus, incorporating the principles of *Analysis Situs*, which he named a *monadology*.

mit such valid discoveries of principle to others.³⁰ This is the most natural method imaginable; it is the natural expression of *human nature*, both perfectly sovereign individual human nature, and the nature of humanity as an historical, social process. This principle of cognition, in and of itself, sets man, as a species, apart from, and above all other species. This cognitive link, not only among contemporary persons, but of the present to both the future and the past, defines the only meaningful use of the term “history,” the only competent method for study of history, and the only competent basis for defining those universal principles of historical method which should govern all aspects of statecraft.

From the study of the human social process in this way, we are confronted with certain principles, which are *universal principles* in the same sense as those we associate with a universalized mathematical physics. This second set of principles, is the topic emphasized in the present section of this report. However, this emphasis is made without generating any functional separation between such principles of historically situated cognitive processes, and the multiply-connected manifold of universal principles we associate with the physical universe in which we exist, and upon which we act.

It is from this standpoint, that we must judge societies and cultures, as such, as either sane, or not.

Principles of History

As I shall now show you, it is important to recognize the three crucial features of the moral superiority of Plato’s dialogues over the Classical tragedies. Once the reader has recognized those dialogues as a form of Classical drama, my argument on this point becomes clear.

The first two of the three words which identify this absolute quality of moral superiority of those dialogues, are, in English, *the sublime*, and, in the *New Testament* Greek, as also in Plato’s dialogue, *agapē*. *The sublime* and *agapē* are congruent conceptions, but have slightly different forms of application; they are distinctly different facets of one and the same gem. Plato uses the term *agapē* to signify a quality of justice, which he contrasts, through the mouth of Socrates, to the opposing principles of the characters Thrasyachus and

30. It is usually bad practice to suggest that Plato’s dialogues are intended for the silent reading of an individual. If the individual does not know the method in advance, he will almost certainly make a terrible mess of his efforts to follow the text. Most of the heralded English-language academic’s commentaries on Plato are worse than rubbish on this account, and the school of E. Cassirer as well. Like a great Classical drama, Plato’s dialogues are not to be “interpreted”; they are to be experienced. The experience of some of my associates has shown them, that this is more likely to be accomplished if a dedicated group of persons, advised by one with some expertise in the Greek, acts out the dialogues as they are plainly written: as Classical drama. As each actor works to represent the role he is playing, the tension of the dialogue is sensed in the conflict being acted out among the actors. In short, a Plato dialogue should be recognized as the actors re-enacting the discovery of principle which resolves the paradox presented.

Glaucon.³¹ This Socratic principle of justice, called *agapē*, is inseparable from the principle identified by a third word, *truthfulness*, the notion of the existence of *cognitively discoverable truth*. Such a notion of *agapic* truthfulness, defines an absolutely higher authority than any government, than any court, than any tradition, than absolutely anyone’s mere opinion. It is the basis for what is rightly called *natural law*.

It is important, for understanding how to overcome the pathologies of U.S. popular behavior today, to see the equivalence of this notion of *agapē* to the notion of the sublime, and the coherence of both with the principle of the obligation of us all, to be governed by a cognitively knowable standard of truthfulness. This use of “cognitively knowable truthfulness,” ought to be recognized as nothing other than the only proper definition of “reason.”

The simplest way to explain this most crucial point of statecraft, is to identify the nature of Plato’s view of the moral failures of the Classical tragedians who preceded him.

All great Classical tragedies, including those of Shakespeare and Friedrich Schiller, are focussed upon the same problem which I identified by reference to the goldfish-bowl syndrome in the U.S.A. today. In the typical Classical tragedy of the tradition of Sophocles and Aeschylus, there is a potentially fatal, self-inflicted flaw in the culture, the flaw which is the subject of the drama. This flaw is represented by a leading figure, or figures, figures in the position of authority to make the changes in policy by which the tragedy is averted, but who, because the figure, or group of those figures, shares the fatal cultural flaw of the nation, he, or she fails to take the possible action by means of which the national disaster could have been averted.

Do not be deceived by foolish commentators on such plays, by moralizing critics and others who, through ignorance or malice, trivialize great artistic works, by demanding that you focus upon some alleged symbolic meaning, or the alleged “character flaw” of the leading character of a drama.³²

31. I.e., *The Republic*

32. Put to one side those fools, who, in the tradition of Francis Bacon’s Thomas Hobbes, regard punning, falsely, as “the lowest form of humor.” Recognize that the use of the term “symbol-mindedness,” as applied to such critics, or theologians, and their admirers, is exemplary of the highest of all artistic principles, the same principle of metaphor which appears in the guise of a cognitive discovery of a valid universal principle in physical science. The same use of metaphor, as opposed to the use of symbolism, is the principle of Shakespeare’s compositions, which separates Classical poetry, such as that of Keats, Shelley, Goethe, Schiller, and Heine, from Romanticism. Puns, and related forms of irony, meet the standard otherwise set by *Analysis Situs* in physical scientific discovery. A good pun, like any form of strictly Classical artistic composition or scientific discovery, is a necessary way of straining the customary use of language, as a way of forcing the mind to recognize that a strictly customary use of language prevents one from communicating the most important classes of ideas, genuine discoveries. Of course, a pun which fails to meet the Classical standard of irony or metaphor, including the standard of Classical satire such as that of Rabelais or Cervantes, would be a frivolous exercise. The aspect of the good pun which offends the intellectually constipated pedant, is its obvious quality of playfulness, as Schiller



“All Classical tragedy deserving of the name of art, is historically specific. The drama is situated truthfully either within a real-life time and place in history, or in relative historical specificity of some legend, such as the Homeric epics.” Left: A scene from Schiller’s *Don Carlos*. Right: The blinded Earl of Gloucester and Edgar, in Shakespeare’s *King Lear*.



All Classical tragedy deserving of the name of art, is *historically specific*. The drama is situated truthfully either within a real-life time and place in history, or in relative historical specificity of some legend, such as the Homeric epics. The flaw which defines the tragedy, is historically specific, and can not be attributed to times and places other than that. The characteristics of the leading characters of a Classical tragedy are specific to that setting; therefore, they can not be freely transported to different historical settings.

The foolish commentators attempt to project an essentially symbolic significance to the characteristics they claim to recognize in the relevant characters of the play. In respect to Classical drama, they would mislead you into overlooking the fact, that the essential flaw is that of the culture, in which that character is in a leading position to avert the plunge into national disaster, but fails to do so. He fails because he, or she capitulates to the influence of the historical specificity of the tragic culture in which he is situated. Just so, has the putative leadership of the U.S.A. failed, during the specific interval of the recent thirty-five-odd years.

Thus, in Schiller’s *Don Carlos*, all of the characters but the French-born queen are terribly flawed, and represent the same moral decadence of that Sixteenth-Century, *post-*

defines his view of *Spieltrieb*. That quality of effervescent, cognitive expressions of playfulness, is a quality which (“Eureka!”) distinguishes the creative personality, including all competent scientific discoverers, from the pedant and drudge. It is so-called “symbolic meanings” and “symbolic argument,” which are the hoaxes from which a really good pun may often rescue us.

Isabella I Spain of the Inquisition, which Miguel Cervantes addresses by his use of the fictional figures of Don Quixote (the Spanish Hapsburg monarchy of the Carlist tradition) and Sancho Panza (a people corrupted into virtual stupidity by their hedonistic impulses). In *Don Carlos*, the queen serves as a figure, situated such that she, although queen, lacks the official authority to compel a change in the other principal characters, but who sees the tragedy. The assessment of Spain in that play conforms to the actual period of history to which the drama refers, just as Cervantes’ *Don Quixote* addresses the same tragic quality of that nation during that same specific period of its history addressed by Schiller.

The same is true in Shakespeare’s *Hamlet*. It is not some eccentric personal character flaw of Hamlet which is tragic; Hamlet’s “flaw” is that he is typical of the whole pack of ruling institutions and circles of that kingdom. The character flaw is that of the kingdom, as the contrasted declarations of the characters Fortinbras and Horatio point toward the persistence of a folly, which continues to live in that condition of the Danish nation after the death of Hamlet removes him from the situation. The same folly which had taken over the nation prior to the opening scene of the play, continues to prevail after Hamlet’s role has ended. That nation’s problem is not Hamlet; Hamlet’s problem is that he reflects the character of that nation, in that implied historically specific time and place.

Sometimes, the apparent exception proves the rule. Under pressure from the censor, Giuseppe Verdi transports the actual historical setting of one of his plays, *Un Ballo in Maschera*, from the drama’s historically actual location, Sweden, to

Massachusetts. The censor's intervention thus weakens the resulting alteration of the opera. Despite that drawback, the authority of the opera as a Classical tragedy, lies in its historical specificity governing the composer's intention in crafting that composition, and is preserved in that fashion.³³

Up to a point, learning from such Classical tragedy, and other valid expressions of Classical artistic composition, continues to be an integral part of the qualifications for the practice of statecraft, or writing of accounts of history. The tragedies of Sophocles and Aeschylus, for example, are indispensable requirements for the practice of law and other crucial elements of statecraft today; but, as it is said, "they left room for improvement." Plato, and Friedrich Schiller later, focussed attention upon the needed improvement.

Contrast such tragedy by Sophocles, Aeschylus, et al., with Schiller's notion of the *sublime*, as expressed in both real history and drama, alike, in that case of *Joan of Arc* which I have treated in an earlier location.

Joan is no tragic figure; exactly the contrary. In real life, and in Schiller's drama, she is a girl inspired to save the nation and people of France from Plantagenet (Anjou) predators,³⁴ by persuading her foolish king to become a real king. For that, in real life, as in the play, she is butchered by the corrupt Inquisition; but, she changes history, both by her effect on the processes leading into the mid-Fifteenth-Century Council of Florence, and making possible the establishment of the first sovereign nation-state, Louis XI's France, based on the principle of the general welfare. She gave her life to achieve a noble purpose for mankind; she was no tragic figure. She spent her life in a way which achieved a great fulfillment of her having lived. That is *sublime*.

We should not wish to be burned alive by the Inquisition, as she was, nor devoured by lions in Nero's arena, nor crucified for Christ's sake. Yet, that aside, it were the true purpose of any mortal human life, that it be lived as *sublime*, as Joan's was. We are going to die anyway; therefore, wisdom lies in choosing the way one spends the talent given to you, your mortal life. Choose the mission which is your part to play, for the benefit your living might contribute to your nation, and for historical humanity as a whole. *Be as you were an angel*. That is the sublime definition of the good individual person, and of the good nation. That is the quality of *agapē*.

In the drama which supersedes the tragic principle by the

33. Admittedly, of course, it were better had the identity of the original historical intention been allowed by the censor. Nonetheless, since the real-life assassination and its international implications were widely known in Verdi's time, the historical specificity of the pre-censored version, may have placated the censor, but did not deceive him.

34. Like Shakespeare's history, from Henry II through Richard III, the period from the Second Crusade, through the Fourth Crusade, and through the overthrow of Richard III, was a period in which the leading imperial maritime power of that interval, Venice's financier oligarchy, used the Plantagenet house, the House of Anjou notably, as its leading partner in crimes against the entirety of European civilization.

sublime, the gripping tension of the well-performed Classical tragedy, is continued, and, as in the case of Joan, the crucial figure may suffer a brutal end. The difference is, that, as in Joan's case, in her actually heroic life, and in that same heroine's life and actions on stage, are not a waste.

Yet, as Schiller demonstrates this case, what may be called the mechanism of the composition of all great Classical tragedy, is retained. The situation presented has many of the same features; there is the threat of a tragic outcome. However, this time, the central figure does not fail to offset the tragic outcome, but is willing and able to accomplish this at whatever price the hero must pay to bring about this *sublime* result.

See the contrast between the Classical tragedies of Greece and Plato's dialogues, in that light.

Express that same principle, of the distinction between the merely tragic and the sublime, in another way. This time, I strike closer to home. Consider the following question: *Why is what is called morality, especially thunderously Bible-belted morality, often the enemy of the good?*

If it is moral, not to kill, nor steal, nor lie, for example, does seemingly perfect observation of those rules, that repertoire of "single issues," make one good? Take the case of a publicly avowed admirer of the racist legacy of the Confederacy, such as Attorney General John Ashcroft; accept, provisionally, the claim of his supporters, that he does not intend to violate the Ten Commandments, *even when he kills*. Overlook, if only for a moment, his repeated lying sophistries. Is he to be assessed as "a good man," simply because his duped admirers consider him as wielding "a banner of Christian morality"? Absolutely not! Anyone who does not serve the principle, that all men and women are made equally in the image of the Creator, is no Christian! When you defame the image of man, as all racists do, you defame the image of God. "Hypocrite" were too gentle an epithet, in Ashcroft's case.

It is necessary to guide children, so that they do not step off cliffs, or into the front of oncoming automobiles, and so on. It is necessary to advise young persons similarly, for their own good, during that perilous journey near the outskirts of insanity, called adolescence. If it is also necessary to housebreak and train pet cats and dogs, that should not be used as a pretext for degrading morality to the form of do's and don't's for household pets, or for persons whom you attempt to degrade to the status of trained human cattle. Put to one side, for a moment, the fact that Ashcroft is not exactly housebroken, even by four-footed standards for morality; were he less a hypocrite, that would still not qualify him as "a good person."

The problem is, that he is not a person of good intentions. Obeying a set of rules, or merely seeming to adhere to such rules, does not define a good person. All the single-issue prescriptions which might be imagined, provide no test of goodness. *As it was said of Adolf Hitler, Satan never lowers himself to commit little sins; he saves his energy for the really big ones.* He leaves the practice of lesser sins to little people.

Take, for example, the bi-polar, strictly church-going

Bible-belter, who belts his wife and children religiously, at whim, on Saturday night, and then weeps over the bruises and broken bones he has successfully inflicted, even while he pontificates, "I'm sorry, but you made me do it." On Sunday, we find his sanctimonious self sitting upright, posing as a paragon of smug rectitude, in church.

Contrary to the enormous number of such and comparable cases, the fact remains, that man is naturally good. That spark of goodness is already in the newborn child, but it awaits development through infancy, childhood, and adolescence, into what should become true adulthood, approximately a quarter-century later. How could man fail, as he usually does, somewhere along the road between birth and biological maturity? Or, to restate that question, why does the individual fail, so awfully often, to reach the moral maturity which was his or her potential at birth?

Virtually all of us have come to understand, somewhere along the way between infancy and adulthood, that, as each of us is born, each of us will die, and that rather sooner than later. This fact should prompt any reasonably sane and intelligent individual to ask himself, "*What, then, will have been the meaning of my having lived?*"

In a famous fable, a monk asks a youthful woman to look into a mirror, and think of her aging and mortality. She accepts the monk's observation, and makes her decision accordingly, seeking pleasures while she might. The existentialist sees himself as Hannah Arendt's friend, the Nazi philosopher Martin Heidegger, did, as the individual "thrown into life in society," into a realm in which that individual not merely denies, but defies the existence of truth. The notion that life in society has some social purpose, some mission, is denied. Or, like the woman of the fable, she seeks a substitute for immortality in sensual diversions which die like Autumn leaves.

Heidegger, like his beloved Friedrich Nietzsche, and like his follower Jean-Paul Sartre, typify immorality in the extreme. Yet, it is the ugly reality of today's U.S. life, for example, that the individual who is asked to identify his or her self-interest, has tended, more and more over the recent decades, to locate self-interest in terms of "immediate self-interest" within a world ruled by pleasure and pain. In other words, such unfortunate people seek reality within the shadow-world of sense-perception, and they themselves thus come and go as shadows do. They seek in shadows, an identity which has no substance, and, so, if they succeed in that attempt, when they have passed, they leave nothing of real moral substance behind.

At the best, most of our citizens of earlier generations, defined their interest in the future prospects for their children and grandchildren, and defined their reciprocal relations to their own parents' and those of their parents' generation, accordingly. Willingness to put one's life at risk, whether in war, for the sake of the future, or simply to act for the good when that challenge is set before you, typify those symptoms of goodness many of my generation had come to expect of

one another. Yet, that is not enough to make a society, or a religious body a moral one.

Try to answer my question from the standpoint of what I have described as the implications of the Classical humanist method in education. If we are decently educated and experienced, who are we, really? If our relation to the past is defined in terms of our re-enacting the original discoveries of principle, by persons from earlier generations, even millennia earlier, we know that we embody that re-enacted experience from their lives within ourselves. If the re-experiencing of such creative moments in science and Classical artistic composition, is the core of our educational development, then our intimate relationship with the sovereign cognitive processes of persons long deceased, defines our moral sense of conscience.

So, a child thinks of a departed grandparent looking down upon, smiling, from somewhere beyond. That is a simple expression of the essence of goodness. It is a sense of the sublime, a sense that the quality of the sublime is the essence of true beauty in art, and in life.

Thus, on the basis of the points which I have just developed here, there are two leading clues to the stubbornness with which the goldfish-bowl syndrome persists in, for example, the U.S. population today. First, the individual's lack of the benefits of a Classical humanist policy in education. Secondly, the specific effects of social pressures associated with the dominant role of an anti-cognitive world-outlook in the institutions which have the relatively greatest impact on the daily social experiences of the individual. We shall examine these factors and their implications for the U.S. population of my lifetime.

The Cognitive Identity

As Jesus Christ establishes what theologians call a New Dispensation for all mankind, obedience to easily understood rules, might prevent bad incidents from occurring, but adherence to such rules will never qualify a person as good. Goodness lies in a higher place, within the realm of the sovereign quality of the human individual's cognitive potential. Goodness is not a quality of isolated actions, or mere patterns of such actions. As *I Corinthians* 13 defines goodness, it is expressed as the quality of *agapē*. It is expressed, so, as an efficient form of *intention*, as Kepler employs the notion of *intention* in his *New Astronomy*.

An efficient good intention, is a commitment to actions which are both *agapic* in impulse, and which are aimed toward the sublime. How do we make that notion concrete for the practice of and among nations?

If it is immoral to suggest that positive law, or equivalent prescriptions, might be apotheosized as a standard of goodness, how must a nation define the standard by which its actions, and its character, may be good, or not? On what authority, do we have the right to say that the Presidencies of Polk, Pierce, Buchanan, Cleveland, Theodore Roosevelt,



President Franklin D. Roosevelt's coffin, in a procession through Washington, D.C., April 14, 1945. Right: Mourners bid farewell to the beloved President. Roosevelt's death "suddenly took away the guidon planted upon the hill, around which so many had rallied to the mighty effort of the Roosevelt Presidency's years."

Wilson, Coolidge, Nixon, Carter, and the "Emperor" Bush I, were morally bad, as they were in fact, and those of such as Monroe, Quincy Adams, Lincoln, and Roosevelt were more or less good? How shall we express the notion of goodness as an efficient form of intention, as the basis for defining the kinds of pathologies expressed by the goldfish-bowl syndrome?

Weighing a few examples will help to clarify that question.

It is good, to intend that one's living shall be a blessing to one's grandchildren, to the community, to the nation, and to the betterment of the world in which we live. However, putting to one side momentous acts of heroism, the highest choice of profession is that of a philosopher-scientist such as Plato, to be one of the Apostles of Christ, a prolific master of Classical artistic composition, such as Johann Sebastian Bach, or a prolific universal scientific mind, such as Kepler, Leibniz, Gauss, and Riemann.

Next to such great artists and scientists, are those great teachers and physicians, either famous or relatively obscure, who, day by day, brought young minds to re-enact the discovery of many of the most precious principles of scientific and artistic composition, or, as physicians, maintained the continuity of the development and practice of care for the health of the people. Whether famous, or little known, each of these figures is a world-historical personality in fact.

Each of these are implicitly world-historical personalities, because of, first of all, the subject-matter of their professional intention is universal. Since it is a profession rooted in the transmission of knowledge of principles, deep into the past, and far into the future, it is historical as well as universal.

By virtue of their profession, all such persons reach toward the sublime. Such world-historical personalities have thus achieved a somewhat greater or lesser degree of efficient personal, cognitive sovereignty.

From such examples, we should recognize the manner in which the quality of goodness is typically expressed within society.

The true self-interest of each persons, is his or her personal identity, as that is located primarily in the cognitive process of history as a whole. Consider that true self-interest against the contrasting relative moral decay I have witnessed among members of my own, World War II generation.

President Franklin Roosevelt had lifted a nation up out of the decadent pessimism of the Coolidge legacy. His death suddenly took away the guidon planted upon the hill, around which so many had rallied to the mighty effort of the Roosevelt Presidency's years. The shock which struck most returning veterans, can be compared to the demoralizing effects, in the history of modern Germany, of the successive experiences of the 1789-1794 Jacobin Terror, Bonaparte's emergence as the model for all fascist governments after his imperial rule, the Congress of Vienna, and the Metternichean Carlsbad Decrees.

In my own experience, the most typical expression of moral decadence erupting among returning young veterans, showed itself in the way in which U.S. mass higher education proceeded during the post-war decades. Most among these fellows were in such a hurry to get their sheepskin, that they rarely stopped to actually think. Granted, the universities were bad and becoming worse on this account, but, generally, the majority among the students were no better, or were even

much more corrupted.

For example, consider the case of the place of Kepler in the curriculum of our leading universities during the 1946-2001 interval. The evidence of Kepler's discovery of universal gravitation, among many other things, is, objectively, one of the best-documented facts in the record of scientific discovery, especially when re-examined from the standpoint of the related work of Carl Gauss.

Anyone who had not swallowed a textbook, but had actually investigated the mass of factual evidence showing how the discovery of a principle of universal gravitation actually occurred, or, similarly, investigated the ample evidence detailing how Leibniz originated the existence of the calculus in response to Kepler's discovery, would not defend the Isaac Newton myth against the reality of the work of a Kepler or Leibniz.

Among the majority of those students, while as students and later, they, instead of knowing what they were talking about, became parroters of that Newton myth, which they had swallowed whole, as a condition for passing the course. They parroted the formulas in a way which, in fact, increased my appreciation of mynah birds, while smiling smugly to one another in mutual admiration of their common folly. They would be very proud of themselves for having done such things as that. I know; I was part of that generation.

Such students may have acquired certain useful kinds of professional competencies, but, they, of course, knew virtually nothing of that portion of their education which they had merely learned. What they had merely learned, occupied more and more of their claims to knowledge, as the decay of our educational institutions has continued over the decades to date, all the way down. Chiefly, in their education, they had failed to re-enact the relevant original act of discovery. They had not experienced the essential elements of the cognitive history of science.

Then, after slightly more than a decade of the post-war years had passed, came "programmed learning," "the new math," and, in the course of time, "looking it up on the Internet." Amidst this, the teacher's function was subverted by the Orwellian social worker who controls more and more of the schools' functions, and the students' minds, today.³⁵ *How could there be meaningful education, when the schools and their pupils are regimented by such controllers, all done according to the pro-satanic dogma of Theodor Adorno and Hannah Arendt, the dogma, that there is no truth, but only opinion?*

There was a nasty complement within the sort of behavior I observed among members of my own generation. This involved my encounters among the ranks of engineering stu-

35. The dispensing of Ritalin and similar druggings of pupils, are to be assessed as fulfilling the methods of social control, aided by drugging and other stupefying measures, to be remembered from Aldous Huxley's utopian *Brave New World* (New York: Harper and Row, 1989).

dents. These offenders, more or less a majority, despised "liberal arts." Granted, much of the university liberal arts instruction was bad in its own way; sometimes, it was even worse than the effect of the drill-and-grill methods used by the all-too-typical engineering faculty. The typical engineering student's expressed opinions concerning political-economy, for example, were about as intellectual as a Ku Klux Klan rally. Speak of a bowl of pottage? Many of such ambitious engineering graduates would have sold their soul for a piece of sheepskin.

To estimate how scientific such engineering students were, take the case of a typical reaction to the teaching of economics. Most university graduates were taught to believe, as Karl Marx was, that modern economy first appeared under the British monarchy, and that Bernard Mandeville and the British East India Company's Haileybury School of Adam Smith, Jeremy Bentham, Thomas Malthus, David Ricardo, et al., were the founders of political-economy.

In fact, any responsible study of available sources, would have shown any honest student, that modern economy was born in Fifteenth-Century Italy, whence it was established in Louis XI's France, and then copied in England under Henry VII.³⁶ It was developed as the mercantile school of the Sixteenth and Seventeenth centuries; but the beginning of a scientific notion of political economy, was discovered and developed by Leibniz, during the interval 1671-1716. The industrial revolution was brought to England itself by the visiting Benjamin Franklin, who sent Watt to France to develop a new model of the steam-engine under the advice of Lavoisier. In the young United States, the productivity and income of the average farmer and worker was approximately twice that in the British Isles under George III.

Even more embarrassing for those among the engineering students duped into admiring the British empiricists, is the fact, that the most successful design of modern economy ever developed, was what U.S. Treasury Secretary Alexander Hamilton defined as "The American System of political-economy," an elaboration of economic principles best represented otherwise by the two leading economists of the world during the Nineteenth Century, Friedrich List and Henry C. Carey. Did it not occur to these ostensibly science-oriented engineering students, that the U.S. wars against Britain in 1776-1783 and 1812-1815, were a defense of the superior economic policy of the U.S.A. against the drug-pushing and other predatory practices of the ever-morally-decadent British system?

Since those students were taught nonsense, bread-and-

36. This revolution unfolded within the troubled framework of Sixteenth-Century England. Sir Thomas More and William Shakespeare typify the great impact which the Italy-centered Fifteenth-Century Renaissance made upon the transformation of England from a brutish to a highly civilized nation during the course of that century. All that is good in English-language culture today, flows chiefly from that impact of the Renaissance upon pre-James I England.

butter motives prompted most of them to believe steadfastly in the nonsense they had been taught. Later generations of students were, as a whole, much worse than those of the World War II veterans. The decadence expressed in the design and relative unreliability of products manufactured under the influence of the cult of “benchmarking,” illustrates the outcome to which that corruption within my generation has led during the recent decade.

Take the related case, of the introduction of the so-called “new math,” which was being popularized during the late 1950s and early 1960s. There could have been no possible outcome of this but significant, virtual brain-damage of two generations of secondary and university students.

Since the beginning of the Nineteenth Century, Carl Gauss’s *Disquisitiones Arithmeticae*,³⁷ inspired by his teacher, the great founder of anti-Euclidean geometry, Abraham Kästner,³⁸ had been the standard for competent mathematics instruction. This masterpiece should be the recognized standard, even today, for basic secondary and higher education in mathematics. The result of replacing that standard with “the new math” program, should have reminded any literate professional of Jonathan Swift’s famous description of education as practiced on the allegorical floating island of Laputa.³⁹

In all sorts of academic specialties, much of what was being peddled was, with increasing frequency, not only rubbish, but transparently so. No intelligent student would swallow such stuff, had he or she not been in such a terrible hurry to pass the courses, that there was no time to consider the possibility that what was being taught was a hoax, often of the ideologically motivated variety.

The introduction of the “new math” was not a mistake; the implications of the inherent incompetence of that system were already very well established, and widely known.⁴⁰ The relevant literature leaves no margin to doubt, that this was a deliberate act of mass-brainwashing of what is now two generations, designed to cripple the potential of students for competent thinking about such matters as physical science, and economics. It was the calculated ruse of the circles of the radical positivists Ernst Mach and Bertrand Russell.

The result has been, that most among the generations drilled in that “new math” approach introduced during the

late 1950s, have not only been crippled in their capacity for scientific thinking, but many of those popular policies which have led the U.S. economy down the road to self-destruction, since the mid-1960s, have found a growing basis for acceptance of such destructive policies, in the accumulated effects of “new math” indoctrination upon generations passing through schools and universities during the recent forty-odd years. The proliferation of pseudo-scientific fads in not only statistical argument today, but also in enacted statutes and international treaty-agreements, typify the natural product of this pathology.

Notably, as more and more of the top positions in public and private institutions have been taken over by persons born after the nuclear bombing of Hiroshima, the effects of the spread of radical-positivist trends in education, have produced a crisis of national leadership. Most of the persons of those generations, leading the public and private sectors today, have virtually no comprehension of how successful economies of the pre-1966 period actually worked. The current crop of corporate industrial and bank management, is a disaster. The role of the “new math” has been only a leading part of that loss of ability to think effectively about economic policies, but an extremely important part. Once again, the cult of “benchmarking,” is to be recognized as a reflection of the factor of scientific-technological imbecility already embedded axiomatically in the “new math” and “programmed learning” curricula of the late 1950s and 1960s.

This is typical, with rare exceptions, of the trend in higher education which most of those returning veterans, and others, experienced in universities during the immediate post-war decades.

Go back to the late 1940s and 1950s, as if to ask them, then: “What are you doing with your life?”

The answer would often be to the effect: “I am going to be a success, move into the suburbs, have nice children, a fast car, a pretty wife, and leave guys like you way behind.” In the end, there were many personal tragedies, beginning the mass layoffs unleashed during the 1957-1958 recession, when pink-slipped executives who had had \$40,000-level salaries,⁴¹ were trying to peddle their resumés to employers who were not buying at the time.

Some of those university-educated veterans did some good work, despite all that. A few did excellent work, although not without flaws they should not have incurred. People are naturally born good, and some of that can be brought out in them under the right conditions. Nonetheless, from the standpoint of the direction of relative motion, that is the way it was.

All of these and related problems attributable to most of those returning veterans and their families over the recent fifty-odd years, must take into account a crucial extenuating

37. Carl Gauss, “Disquisitiones Arithmeticae,” in *Untersuchungen über höhere Arithmetik*, H. Maser, trans. (New York: Chelsea Publishing Co., 1981).

38. Abraham Kästner, *Geschichte der Mathematik* (Hildesheim and New York: Georg Olms Verlag, 1970). For Gauss’s discussion of his reluctance to identify his youthful adoption of an anti-Euclidean standpoint in geometry, see also Lyndon H. LaRouche, Jr., “Is Western Europe Doomed?” *EIR*, Nov. 27, 1998, footnote 20.

39. Jonathan Swift, *Gulliver’s Travels* (New York: St. Martin’s Press, 1994).

40. Kurt Gödel, “On Formally Undecidable Propositions of *Principia Mathematica* and Related Systems” and *Discussion on Providing a Foundation for Mathematics*, *Collected Works*, Vol. I, (New York: Oxford University Press, 1986).

41. Fairly estimated as more than five times the value of the same nominal income of today.



Sailors and Waves celebrate at the Naval base in Norfolk, Virginia, 1945. "Most of the American veterans returning from war, gave up their weapons, but also their personal cognitive sovereignty. I know; I sadly watched it happen. I wish that they, and their children, would reclaim what most of my generation lost during that time."

circumstance. Grant the fact, that the overwhelming majority of the returning veterans capitulated to the kinds of conditioning I have outlined here. Why should they have capitulated in that manner and degree? Grant, that the generation of those World War II veterans produced suburbia's "Baby Boomer" generation, who were educated to become victims of the victimization of their parents' generation, and to make their own generation a, similarly, even more victimized one.

It should be obvious, that their problem was lack of a sufficiently clear sense of personal cognitive identity, a lack of that sense of identity needed to supply them an efficient impulse to resist. They should have cried out: "Stop telling me! Walk me through the process of making the discovery for myself!" Why did they not do that? I know, I can still hear the voices from my childhood and youth: "Once you have learned what your teachers and textbooks tell you, then the time will come when you will be permitted to judge for yourself."

"Let us brainwash you for twelve to twenty years, until you graduate, and then 'think for myself?'" "If you wish to get ahead, you must learn to go along, to get along."

The principle such brutal slogans express, is the same used to establish the dictatorship known as the Roman Empire. There was the ruling class, and a mass of virtual human cattle which the Romans named the *populari* (English: predators), and the system which the Nazi regime, like the British monarchy and the late Walter Lippmann, adopted from the Romans, *popular opinion*. In the typical case from the veterans' youth, it was considered shameful not to be "popular."

"Popular opinion," as defined by the Romans, the Nazis, and the prevalent culture of the U.S.A. today, is the method by which a ruling oligarchy induces its subjects to discipline themselves into playing the part the ruling oligarchs assign to that mass of human cattle, which they consider most of you to be.

"I should learn how to become more popular, or, at least, less unpopular." Let some poor fellow adopt that imperative as a virtual axiom of his habit-making. There is no more efficient way to brainwash the susceptible, especially those passing through the emotionally perilous time of adolescence, than to torment them with the challenge of trying to gain a bit of popularity in an intrinsically capricious social climate.⁴²

So, most of the American veterans returning from war, gave up their weapons, but also their personal cognitive sovereignty. I know; I sadly watched it happen. I wish that they, and their children, would reclaim what most of my generation lost during that time.

42. Typical, from the 1930s U.S., was the wide influence of Dale Carnegie's *How to Win Friends and Influence People* (New York: Simon and Schuster, 1936), which acquired some of the characteristics of mass-based cult-worship, then and into the following decades. Today, a more vicious expression of the same psychopathology, the cult of "sensitivity training," spreads the same moral sickness in an even more aggressively pathological form. The morally permissible way to influence people, is to practice Platonic truthfulness, as the practice of Classical humanist education provides a working model for this. The only morally proper influence, is to do good, and spread its benefits.



The sublime is the essence of true beauty in art, and in life. Rev. Martin Luther King, Jr. was such a sublime figure, a truly sovereign individual, who dared to ask, "What do I do, in the case that what I know to be true, puts me into direct conflict with popular opinion?"

The Roots of the Pathology

To become a truly sovereign individual, you must muster the courage to insist on clear answers to certain crucial questions. For example, "What do I do, in the case that what I know to be true, puts me into direct conflict with popular opinion?" "What if my policy of 'going along to get along,' compels me to commit, or even merely condone, a brutal sort of injustice?"

I am certainly not proposing that you, for example, should burn down the courthouse, because the judge is corrupt. For reasons stated clearly enough in such locations as *I Corinthians 13*, I join the Apostle in despising the sophistry of such "single issue" adventurism, both then and among the circles of Mont Pelerin Society asset and penetration-agent Paul Weyrich today. I do imply, as I shall explain here, that you should take some form of action appropriate to your position in society, to bring an efficient remedy into play within the social process. This implies a preference for the use of the method of persuasion represented by that sublime figure, the Reverend Martin Luther King.

By taking an appropriate stand, as Martin did, against falseness and other wrongs, you are, at a minimum, maintaining your personal sovereignty. If you do not take a stand for truth and justice, you have thereby lost a corresponding degree of your own personal integrity, your sovereignty over yourself. If you continue that opportunistic submissiveness long enough, and far enough, you will degenerate into something which you, in your better days, would have abhorred, as Oscar Wilde portrays a case of induced self-destruction, in his *The Picture of Dorian Gray*.⁴³

43. Oscar Wilde, *The Picture of Dorian Gray* (New York: Modern Library, 1992).

Being good, should never be understood to signify the consequence of not violating some fixed set of rules. You should never be rewarded for *not* spitting into someone else's face, or for *not* stealing. Showing the number of so-called single issues which you have *not* violated, gains you no merit in an honest court of judgment. Goodness, which is a synonym for *agapē*, for the sublime, and for grace,⁴⁴ is not a matter of discrete individual acts; it exists only as a quality of efficiently continuing intention.

Tell them, over there, to bring to a close their weeping over their own personal problems, or, over those of their local community. Let them weep for their nation; but, above all else, weep for the lack of measures taken to remedy the perils threatening humanity generally. To identify the specific nature of those pathological assumptions which underlie the goldfish-bowl syndrome, you, and they, must first define your own personal sense of identity in a sane way.

"Sane way" signifies, that you must take all mankind, your own nation most immediately, as it is said, "into your heart," and judge how the behavior of your society accords with that society's responsibilities for mankind as a whole, or does not.

That, in first, rough cut, is the standpoint from which the distinction of "pathological" is to be attributed to any habitual response from within that population. From that world-historical standpoint, you must then judge, what characteristics of a society's behavior do, or do not correspond to the goldfish-bowl syndrome.

Look at the problems of society today from the vantage-point of the Classical humanist method of education.

44. Grace is typified by Mozart's opera *La Clemenza di Tito*, underscoring the same principle which Mozart applied to reworking the libretto, in his *The Abduction from the Seraglio*.

Imagine, as much as your own educational experience allows, that you have been educated in the cognitive mode I described here earlier. Reflect upon the effect those experiences had upon your memory.⁴⁵ You may, thus, recall the cognitive voice of Archimedes speaking to you across 2,200 years. There are many other cognitive faces assembled within your memory, each from his or her own time. The moments of their cognitive discovery of a valid hypothesis, live afresh within you. You are, therefore, your sovereign self, but they also live within you, in that way. You are, in that respect, all of them you know in that way, all dwelling in the same simultaneity of eternity, and also dwelling, in the same fashion, within the memory of your own sovereign cognitive processes.

You, now being one among them, in sharing your own memory, remembering your past, and anticipating your future prospects as if from memory. Thus, so reminded, you are looking at the past and future of mankind. It is with a mind's eye so informed, that you now focus upon the historical time and place in which so many influential and other Americans are making fools of themselves, while pushing their nation to the nearing brink of destruction. Now, in this moment, look at who you are. You are, or can and should be, a world-historical personality, feet planted in the present, local time and place, but with a mind encompassing a large expanse of past and future alike.

You see many terrible things.⁴⁶ You wish you might fix each; but, you come to your senses, and realize that that simple reaction is not the solution. The problem is not the bad things which happen; the problem is, as all great Classical tragedy illustrates the point, the system which causes them to happen. Do not kick the automobile, as if to beat it into willingness to repair its own flat tire or exhausted battery. You must fix the system which generates important problems. You must find the tools to grasp, and the method for using them, not to change the accomplished act, but to be able to repair that system itself.

Now, once you have accepted that advice, you are your sovereign self again. You are once more seeing things histori-

45. You may recognize that you retain concepts you have developed in a Classical humanist mode of cognitive action, much longer, and with much greater fidelity, than so-called "facts" or other images acquired through mere learning or pleasure-pain conditioned tendencies for response. You should be able to recognize, from inspecting the behavior of your own mind, that memory based on cognitive action, is of an entirely different quality, represents a qualitatively different kind of functional process, than memory based on learning or Kantian-like "negation of the negation." Your recognizing those distinctions, may be indispensable for grasping fully the argument I develop here.

46. These include "terrible things" from the past, present, and prospective future. They strike you with a sense of a simultaneity of eternity, in which time is condensed, but the primary order is preserved. In this domain, you can not change the past, but you can change the outcome of the past, as we do each time to bring to life an honorable effort which seemed to have been crushed into nothingness in past time.

cally. You are studying the past and the present, to discover the action needed to ensure the future, as did those giants, associated with Benjamin Franklin, who created the Declaration of Independence and Federal Constitution, to create the future, as Lincoln said the same in his Gettysburg address.

Indeed, when you consider the state of the nation and world in terms of those references, you are thinking as a great national statesmen should think, the way in which his, or her development qualifies a person as a prospective statesman. All great statesmen look at their nation's future, and the world, as I do; that is one of the essential qualifications of a true statesman. He or she can not fix every problem of the nation's people, one at a time; he, or she, must correct the policies which cause such problems, or which allow them to persist.

It is from that point of view, from the standpoint of that world-historical self-conception, that you must view the problem of the goldfish-bowl syndrome, today.

From my point of view, you are no longer viewing the universe as if you were a tiny figure, desperately attempting to cope with the sundry great and lesser powers affecting your personal and family circumstances. Instead of that predicament, you are together with the friends from many times and places, who share the dwelling-place which is your memory of the cognitive simultaneity of eternity. From this higher vantage-point, as if in Paradise, you are looking toward the "little you's" time and place, a time and place which, under your memory's eyes, is but a small village within your overview of a great span of past, future, and present history of not only our planet, but our Solar System.

You, your friends in memory at your side, are looking at this span of not merely history, but a great historical process in ongoing development. You find your "little you" at a point midstream in that development.

Some of you, at least, will recognize that as the standpoint from which I have portrayed important, historically situated events and issues, in numerous among my earlier published writings. I wish you to consider the goldfish-bowl syndrome from that vantage-point. To do this, you must draw upon relevant aspects of your own personal cognitive experience, and to attempt, thus, to replicate in your own mind the conception which I am projecting from mine.

The result of such a shift in viewpoint, is that, instead of looking at social processes as a kind of connect-the-dots way of relating particular observations of conditions and incidents, as the astronomical schemes of Ptolemy, Copernicus, and Brahe did, that you look at social processes as Kepler came to view the Solar System. For you, as for not only Kepler, but Leibniz, Kästner, Gauss, Riemann, and others like them, you then view the historical process as the primary fact, and particular conditions and incidents, as Kepler et al. defined the position and velocity of a planet, as a reflection of the orbit as such. As in Leibniz' calculus, where you see the existence of the differential as a product of the integral, not the other way around, so you, if you are competently educated, see the exis-

tence of conditions and events as products of the historical processes (“the orbits”) which determine their existence.

Certain Eerie Sensations

This shift in viewpoint, from a naive, to a cognitive standpoint, provokes certain eerie sensations in the person, especially during the early stages of practicing to think scientifically, rather than deductively. At this point, I should explain several crucial points at some length, to assist the reader in dealing with such sensations as they may be experienced in the ensuing outline of the manner in which I define the kinds of pathologies associated with the goldfish-bowl syndrome.

The famous Dr. Sigmund Freud and others, have responded to certain aspects of such eerie sensations. The Freud steeped in the influence of the radical positivist Ernst Mach, would not concede even the existence of self-knowable cognitive processes, but he could not ignore the evidence, that “behind” certain eerie states expressed within consciousness, “there is something there.” He gave what are called, euphemistically, explanations, or called, in the current English-language vernacular, “spin.” That he would misinterpret the phenomena in a systemically erroneous way, should be obvious to anyone who knows Freud’s pro-Machian background.⁴⁷

More than a quarter-century ago, I delivered what became a somewhat celebrated series of lectures and featured writings, under the title of “Beyond Psychoanalysis,” on how to deal with the predominantly negative aspects of Freud’s theses, while taking into account the fact that he had, in fact, stumbled into certain discoveries.⁴⁸ Those of his discoveries to

47. On the subject of the epistemological features of Freud’s principal writings, as one who had wrestled against the empiricists and Kantians since adolescence, I could not ignore that Freud, like the existentialists of the so-called Frankfurt School, is to be recognized chiefly as a “neo-Kantian,” like the Nazi philosopher Martin Heidegger, Heidegger’s friend Hannah Arendt, Theodor Adorno, Karl Jaspers, et al. Although Freud’s training was in the positivist school of Mach et al., it was almost inevitable, that the result of Freud’s applying that sort of positivist mind-set to the social phenomena of the human mind and its disorders, would produce a neo-Kantian view of individual social behavior.

48. At this point, I should supply an answer to what will be implied questions from some readers. “Why, back during 1973-1975, did I, a political figure, choose to attack Freud as I did, rather than simply present my conceptions in their own terms?” From my experience with my fellow-Americans, in particular, that since childhood, I had soon come to recognize that the notion of “objective ideas” is a sick sort of delusion, which leads to such noxious mental disorders as “utopianism” and “single-issuism.” It is change which must be made; but, change *from what*? We must always change what exists. This means relying upon the method of *historical specificity*, taking our fellow-creature as we find him, and thinking of how to change *that*. In dealing with both Marxism and Freud, as I did, I was intersecting the U.S. population, in particular, as I knew it. The combined direct and indirect influence of Freud upon the post-war U.S. generation confronted me with a “Baby Boomer” generation, especially those passing through university campuses, which had been saturated with the impact of indoctrination in Freudian and related pathological influences. The principle of *Analysis Situs*, requires that we define change with reference to devastating contradictions between reality and pre-existing current belief.

which I refer here, were clinically real, but his interpretations were dubious, usually destructive, sometimes even dangerous. I now touch on some of the issues of that series of my lectures and writings, limiting myself to those issues which pertain to the subject which is presently immediately at hand.

There can be no doubt of the existence of phenomena corresponding to a distinction among “conscious,” “preconscious,” and “unconscious” behavior. In reality, one can provide a rational notion of those classifications only from the standpoint of the cognitive process. I introduce the needed clarification by supplying a few rough, but relevant rule-of-thumb definitions.

The significance of the word “conscious” is broadly obvious, if not notably profound. As the term is commonly used, “conscious activity” is manifest to us as a bundle of either actual or imagined sense-perceptions, or some combination of both, in which the visual aspect is dominant, and hearing second. In fair approximation, these are shadows of an actual, or imagined sense-perception, with one’s perception of emotion included among sense-perceptions. Within today’s globally extended European culture, what might be termed the “structural” form of conscious states, or quasi-conscious dream states, approximates a Euclidean imagery.

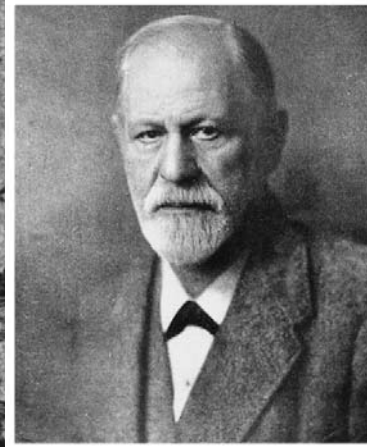
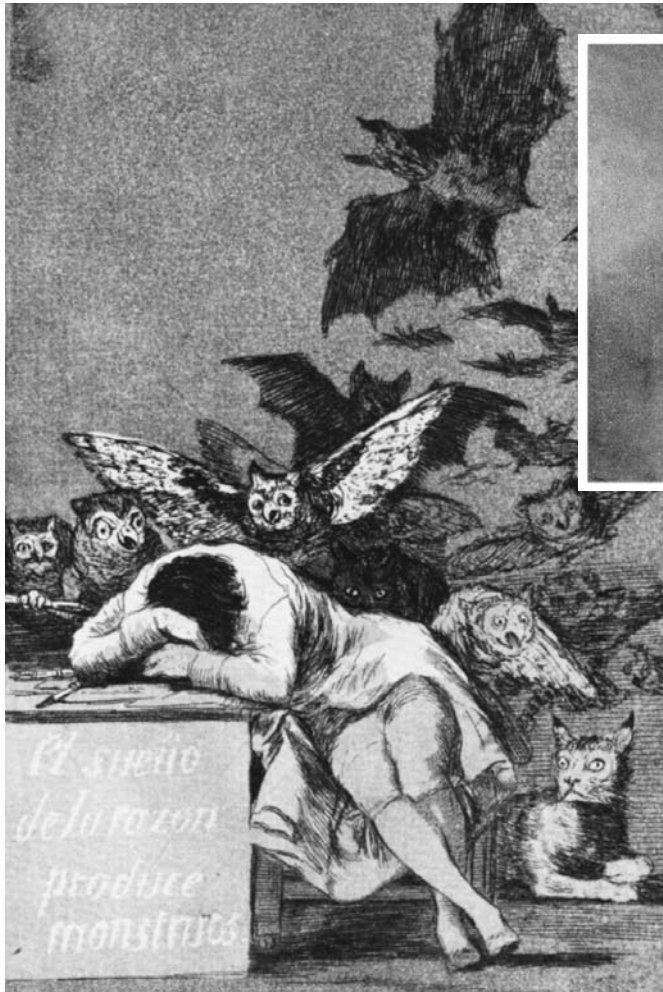
The term, “preconscious,” is meaningful, in referring to the phenomenon of a prescience of words or ideas “on the tip of my tongue.” However, conceding that clinical fact, begs more questions than it answers.

All interpretations of the term “unconscious,” as used by Freud and his rivals, should be discarded. There is, admittedly, “something there”; but, to discover what that something “is,” one must first clear away the rubble of much of the Twentieth Century’s psychoanalytical tradition on this topic. This is the area in which only a mastery of the notion of cognition from the standpoint typified by Plato’s dialogues, will lead to fruitful understanding.

What, that stated, is the alternate meaning of the “unconscious,” as I employ that term here? How can we know the functionally definable characteristics of the relations among the psychological phenomena called, respectively, the “conscious,” “preconscious,” and “unconscious”?

For a first approximation, think of the relationship between the set of definitions, axioms, and postulates of a Euclidean geometry, and the theorems generated under the control of those *a priori* assumptions. The customary classroom definition of definitions and axioms, is that their authority is derived from the presumption that they are “self-evidently true.” Those statements are usually expressed in symbolic and deductive terms; that is to say, that the speaker uses the imagery of sense-perception. However, from the standpoint of cognitive processes, we know that the imagery of sense-perception, is never better than a shadow of reality. I shall make that point respecting various mental states, and its significance, clearer, a short space ahead.

There lies the key to the goldfish-bowl syndrome. Situate



Freud's (above) discoveries with respect to the unconscious were "clinically real, but his interpretations were dubious, usually destructive, sometimes even dangerous." Left: "The sleep of reason produces monsters," from *Los Caprichos* by Francisco Goya.

That fact, provides you the means to access, consciously, a meaningful notion of what may be termed *unconscious* mental processes.

To make that point clearer, illustrate the point in the following terms.

In the simplest illustration of that fact, *the ability of two or more persons to share in common, knowledge that a validated discovery of a universal physical principle is a socially communicable act of cognition, makes the existence of that experience an object of conscious thought.* Thus, the discovery of any principle so defined, even though it have no sense-perceptual form, introduces a conscious idea of something which existed previously only outside the domain of the thinker's ordinary notions of conscious thought and communication. That is the only meaningful use of the term "unconscious" to denote a functionally significant quality of the human mental processes.

There is one qualification to be added to that description of

the case.

It is notable that the characters of Plato's Socratic dialogues bear, at least often, the names of notable figures from that part of history. I have no information which shows me, whether these were written as recollections of actual conversations, in whole or part, or, are synthetic history, in which case the best indications are, that the positions of the named notable characters were faithfully incorporated in composing the dialogue. We may observe from study of good Classical drama which adheres to the principle of historical specificity, that the individual author was able to create the drama, involving various characters, in an imitation of a true dialogue. We sometimes include a relatively poorer quality of written compositions, or plays of indifferent qualities as worth examining for the real-life clinical interest. Also, in general, we are able to organize synthetic dramas which are more or less good approximations of Classical art, within our cognitive memory-processes, that to the included purpose of adducing a principle in the form of a recognizable idea, as if we had created two or more personalities within that memory-process, who would be engaged in the process of transmission of

the preceding section's discussion of Euclidean systems in the context of this discussion of functionally definable mental states. What, thinking of Plato's allegory of the cave, or the "as in a mirror darkly," of *I Corinthians* 13, is the real object which corresponds to the shadow of the Euclidean's definitions and axioms? What underlies the sense-perceptual imagery, the mere shadows, used for the Euclidean definitions and axioms?

From the standpoint of the Classical humanist method of education, as I have summarized it in earlier portions of this report, we know the following. In the case of an experimentally validated universal physical principle, we know, and have been able to prove that the behavior of relevant sense-perceived objects, is governed by knowable principles which are impossible to visualize in terms of sense-perception. Yet, as I have described this process, the ability of the sovereign cognitive powers of the individual mind to transmit knowledge of universal principle, by provoking re-enactment of that discovery within the cognitive processes of another mind, enables society to recognize, and efficiently employ a class of ideas for which no literal sense-perceptual image exists.

cognitive ideas among two or more perfectly sovereign personalities.

The Classical drama, most emphatically, is a device for adding the part of individual members of the audience to the *dramatis personae* on stage.

To restate the kernel of that point. In all successful Classical artistic compositions, and in the successful performance of the intention expressed by the composer, the composition becomes a medium of cognitive communication among composer, performer, and audience. The ability to compose such art, and to perform it competently, requires the quality of mind which is able to synthesize the communication of a cognitive idea, as on stage, to an audience. If all of those requirements are satisfied, the public or quasi-public performance transports the individual members of the audience from where they sit, into the domain of their cognitive memory.

Ah! But, is it not possible, that even absurd notions of principle, in addition to valid ones, can inhabit that same domain of “the unconscious”?

In the case of valid discoveries of universal principle, we have uncovered a principle, a valid hypothesis, which is characteristic of the universe, but which is contrary to previously prevalent conscious assumptions, and also contrary to that location’s previously existing unconscious assumptions. Usually, this discovery contradicts, systemically, a mixture of both conscious and unconscious “axiomatic” assumptions. Through cognition, thus, the previously unexplored regions of the unconscious are brought into the surface as ideas, otherwise known as social ideas. *The act of communication* of such discoveries, by what I have identified as the Classical humanist mode, produces a conscious idea within consciousness, but one which has intruded from the unconscious, into the conscious domain: a Platonic idea.

For example, all of the pivotal discoveries of principle of modern mathematical-physical science, have come into knowledge, as Platonic ideas, in this way. The founding work of modern experimental science, Nicholas of Cusa’s *De Docta Ignorantia*, is filled with such products of the cognitive processes. The work of Leonardo da Vinci, Gilbert, Kepler, Fermat, Huyghens, Leibniz, et al. is typical. Also, William Shakespeare’s dramas, including the entirety of his English history series, are also typical. All strictly Classical poetry, such as that of Goethe, Schiller, Keats, Shelley, and Heine, is typical. In music, the development of the well-tempered system of *bel canto* tempered vocal polyphony, and the strictly Classical method of polyphonic composition, of Mozart, Haydn, Beethoven, Schubert, Mendelssohn, Schubert, and Brahms, illustrates the same principle.

The Classical humanist method, as studied from the standpoint of the equivalence of *Analysis Situs* to Classical artistic forms of irony and metaphor, especially metaphor, illustrate in a powerful way, how the previously unconscious is made conscious, through successful cognitive action, this equally in physical science so-called, in Classical artistic composition

and its successful performance, and in Classical modes of statecraft.

These considerations are also the key to the goldfish-bowl syndrome! Here lies the significance of Plato’s use of Socrates to introduce the notion of *agapē* into the dialogue with Thrasymachus and Glaucon. Here lies the message of *I Corinthians* 13.

The Legacy of Thrasymachus

What Socrates proves for today’s world, is that not only both Thrasymachus and Glaucon, but also U.S. Associate Supreme Court Justice Antonin Scalia, or such Heritage Foundation-linked ideologues as Paul Weyrich, for example, are morally insane. Their moral insanity lies within certain among their underlying axiomatic assumptions of belief.

Here we have a clear case of the pathological implications of a goldfish-bowl syndrome. Here we have a representative case of a superficial, arbitrary assertion, which reveals itself, by its practical implications, its “natural products,” as reflecting an unconscious motive whose quality is specifically evil.

In the cases of Scalia and Weyrich, their upholding the notion of “shareholder value,” whether called “Thatcherism,” or by any other name, is a form of moral insanity. Their crime is to insist upon introducing into what I have qualified as the actual “unconscious domain,” notions which are not merely purely arbitrary notions.

These pathologies are not products of the processes by which legitimate hypotheses are generated for experimental validation, but are asserted in militant defiance of the principle of that real justice which exists only in the submission of the irrational to the Socratic principle of cognitive truthfulness, that by the rulers and ruled alike. They reject that remedial Socratic action, which represents the process of bringing of the domain of arbitrary unconscious assumptions under the self-control of individual cognitive reason.

I have selected the radical-empiricist absurdities of Scalia and Weyrich as illustration, because of the relevance of these selected cases to the discussion of the most relevant forms of homicidal mass-insanity in the U.S.A. today, the hideously destructive features of U.S. economic policy-making during the past thirty-five-odd years. I mean the thirty-five years since Richard Nixon and his campaign made their 1966-1968 pact with the Ku Klux Klan and kindred elements of the Confederacy tradition.

To complete with the matter of the distinctions among empirically identifiable conscious, preconscious,⁴⁹ and un-

49. There is an interesting distinction in the quality of the states which may be justly recognized as “preconscious.” Sometimes, it signifies simply searching memory; this state is as encountered in the attempt to generate an hypothesis which implicitly solves a contradiction or ambiguity in *Analysis Situs*. The most functionally efficient form of remembering is that in which recognition of a previously known term occurs in the same way in which one’s prior original knowledge had been generated. In this latter case, preconscious activity has the character of selecting the well-defined map in which earlier

conscious states, consider that which I have just written on that subject here, from the standpoint of experimental scientific method.

Noösphere and Consciousness

In several previously published reports, I have laid fresh emphasis upon the significance of the work of Vladimir Vernadsky's definition of biosphere and noösphere.⁵⁰ The most crucial feature of his argument on that account, is the manner in which he underscores and employs the elementary principle of experimental physical science. As I have stressed this point in those earlier locations, Vernadsky's working conception of the universality of the concept of *natural products*, is crucial. The definitions of a rational use of the notion of distinctions made by me among conscious, preconscious, and unconscious thinking, are efficiently approached from the standpoint of that same notion of *natural products* emphasized by Vernadsky.⁵¹

In the statistical side of experimental phenomena, the competent investigator places great emphasis on accuracy in data and method, as Kepler did, but, once the statistical material has been cleaned up in those respects, he has only secondary interest in the merely possible usefulness of further attempts at deductive extrapolations from statistical evidence. *Science begins each time we recognize that the evidence at hand compels us to overthrow simply deductive methods of statistical extrapolation.*

That is characteristic of Kepler's founding of modern comprehensive mathematical physics. That is Vernadsky's treatment of biosphere and noösphere; it applies equally to the matter of defining a rational use of the terms conscious, preconscious, and unconscious.

As I have stressed in the previous section of this report, it is through discovering the systemic contradictions produced by applying empirical evidence to a previously established, fixed system, that we define an axiomatic quality of contradiction within the referenced mathematical-physical system, or its equivalent, thus posing a problem in *Analysis Situs*.

Similarly, the existence of a meaningful metaphor in Classical poetry, occurs only when the relevant contradiction, or

encounter with the desired term had been made. The solving of a problem of discovery, or of memory, by going to sleep and then awakening with the idea in the middle of the night, is an example of this.

50. Vladimir I. Vernadsky, "On the Fundamental Material-Energetic Difference Between Living and Non-Living Natural Bodies in the Biosphere" (1938), Jonathan Tennenbaum and Rachel Douglas, trans., *21st Century Science & Technology*, Winter 2000-2001. I introduced Vernadsky's work as a policy of our association in an advisory presented in March 1973. This advisory led to the subsequent formation of the Fusion Energy Foundation as a science foundation.

51. I first made these distinctions among conscious, preconscious, and unconscious processes during the late 1940s, in the course of attacking the absurdity of Norbert Wiener's reductionist misconception of "information." Over the intervening years, my conception on these matters has been refined, but not overturned in the process.

ambiguity in meaning of terms, corresponds to the existence of an actually existent idea lying between the cracks of two valid applications of a term or phrase. This also defines a problem in *Analysis Situs*. The solution for the contradiction posed by the problem in *Analysis Situs*, whether in mathematical physics, or in Classical poetry, is of the same general nature. These notions are the same which appear in Vernadsky's application of the notion of *natural products* to the distinction among ostensibly non-living, living, and cognitive processes.

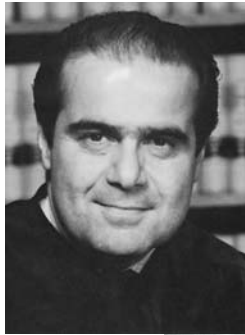
So, we have the distinction of the natural products of deductive method from those of cognition's expression as the Classical humanist method. Thus, we have both the categorical distinction of conscious from unconscious states, but also the multiple-connectedness of the two. The distinctness of these states is as absolute, physically, as the difference between animal and human life. Similarly, Vernadsky emphasizes that human cognitive action (discovery of universal physical principle) introduces what is, from the standpoint of physical science, an absolute difference between man in the biosphere, man acting as merely another animal, and man making the noösphere, cognitive man.

It is our ability, through cognition, to generate new, *qualitatively* higher states in the noösphere, which defines the characteristic feature of what I have identified as unconscious human behavior. It is this action of changing the otherwise unconscious, which renders the notions of universal physical principle, so-called Platonic ideas, an object of willful conscious behavior. Thus, man changes himself, as no lower species can do this.

Pathologies of the type exemplified by the goldfish-bowl syndrome, fall thus within the category of mankind bestializing himself, as the pro-Mont Pelerin Society doctrines of Scalia and Paul Weyrich do precisely that. The fight between the *agapic* authority of the cognitive principle, and the bestiality of the unimproved unconscious processes, are expressed as a struggle between good and evil, with Scalia and Weyrich self-defined as on the side of evil. The doctrine of "shareholder value," as expressed by Scalia and Newt Gingrich's classically fascistic version of the "conservative revolution," a form of fascism expressed in the radical right, populist doctrine of "Contract on America." That is the white-sheeted "Critter Company" riding again. This is not man as a beast, but man degenerated into a caricature of a beast.

Pathologies of the goldfish-bowl type, fall into two relatively distinct psychopathological categories. Simply, first, there is mankind which refuses to rise above the *relatively bestial* level of unconscious motivations. Secondly, there is mankind which has added a new quality of bestiality, that to the effect of reversing the process of upward cognitive development of culture, by means of an artificial principle which acts as an efficient innovation within the unconscious processes, which is relatively novel, but pushes mankind back in the direction of becoming a beast. Hence, the fascistic qual-

The so-called Southern Strategy began with the 1966-1968 election campaign of Richard Nixon, and continues today with the fascist doctrine of "shareholder value," as expressed by Supreme Court Justice Antonin Scalia and Newt Gingrich's populist "Contract on America." That is the white-sheeted "Crittter Company" riding again: man degenerated into a caricature of a beast. Clockwise from upper right: Nixon in Georgia, 1973; Gingrich; a Ku Klux Klan demonstration during the battles of the civil rights movement; Scalia.



ity of fanaticism of the Southern Strategy and such expressions of that as the "shareholder value" rules-of-thumb of a Scalia and Weyrich.

As the relevant clinical quality of evidence shows us, the political success of reactionary ideologues such as Scalia and Weyrich, lies chiefly in their appeal to what Armin Mohler, among other notables, has defined as "the conservative revolution."⁵² Typical is the case of the first modern fascist state, that of Napoleon Bonaparte. Napoleonic France's original form of fascism, like all fascist states since, is based upon the effort to revive a modern equivalent of the ancient Roman Empire, as Napoleon's pretensions to be Caesar, Pontifex Maximus, and upholder of Roman law (the *Code Napoléon*) typify the precedent, defined by G.W.F. Hegel and Carl Schmitt, upon which Mussolini and Adolf Hitler modelled their fascist movements and intentionally imperial states.

The modern "conservative revolution" of Mussolini, Hitler, Gingrich, Weyrich, Scalia, et al. is also a continuation of modern Romanticism in law, religion, and art. It looks back

to ancient pagan Rome in a way which is historically specific to today's globally extended, modern European civilization. Today's "conservative revolutionaries," like the Holy Alliance's Clement Prince Metternich, and his predecessor, the ultra-reactionary Chancellor von Kaunitz, look back to the long struggle against the rise of the modern nation-state, during the medieval history of Europe. It is feudal institutions, such as those typified by the alliance of Venice to the Plantagenet pestilence, during the interval from England's Henry II through Richard III, which are the historically proximate models for the characteristic forms of the modern "conservative reaction."

The launching of fascism by Bonaparte, already implicit in the London-orchestrated Jacobin Terror of Marat, Robespierre, and Danton, launched on July 14, 1789, is a phenomenon specific to the strategic conditions produced by the 1776-1787 success of the U.S.A., in securing its victory over the British monarchy, and in formulating its draft Federal Constitution. All fascist movements of strategic significance, including the Confederacy and the modern Carlist cult, have been crafted as proposed antidotes to the specific threat which the feudal tradition views as rooted in the model of the U.S.

52. Dr. Armin Mohler, *Die Konservative Revolution in Deutschland: 1918-1932* (Darmstadt: 1972).

Federal Constitution, especially the principle of the general welfare embedded in the Preamble of that Constitution.

Otherwise, just as Napoleon modelled his imperial role upon the Romantic precedent of “Sun King” Louis XIV’s apotheosis of himself as Pontifex Maximus, so the typical conservative revolutionary of the Twentieth Century, has adopted the forms of feudalism associated with either the Venetian, financier-oligarchical model of the British and Dutch monarchies, or the Habsburg-dominated Holy Roman Empire and its sequelae, as the myth-ridden model of society to which they seek to return society, away from the legacy of the 1776 U.S. Declaration of Independence and Preamble of the 1789 Federal Constitution. In the U.S. itself, the “conservative revolution” usually adopts the model of the Confederacy, as the Nashville Agrarians have done, as the premise for launching a U.S. form of fascism to match Hitler’s.

The more general, underlying characteristic of the conservative revolution, is that it always idealizes some social order extant prior to the emergence of the modern sovereign nation-state republic, even to the extreme of idealizing “primitive society,” or “perpetuating an allegedly ‘natural state’ of man’s relationship to nature.” The theme is, “progress has been a terrible sin,” which we must uproot, as the “conservative revolutionaries” associated with the Presidency of George W. Bush, have made a foolish fetish of virtually eliminating taxation, in order to replace the authority of the state by private financier oligarchies ruling a “globalized world,” as ex-President George H.W. Bush’s interest in Barrick Gold’s holding in Congo, in Argentina, and elsewhere, typifies the caricature of Plantagenet feudalism which attempts to carry civilization all the way back to the Bushes.

The same obscene, conservative-revolutionary lust, is to be seen in a fascination with titles of nobility, or the same thing in effect, the sordid Nashville Agrarian cult of Henry A. Kissinger’s mentor, the late William Yandell Elliott. It is against this background that the goldfish-bowl syndrome of Gingrich, Weyrich, Scalia, et al., is to be assessed today. The same is to be said of Ayn Rand devotee and Federal Reserve Chairman Alan Greenspan, better known of late as “Greenspin.”

This necessary background now provided, we shall return to look at the goldfish-bowl syndrome from the standpoint of the science of physical economy.

3. Economics and Sanity

The precondition for defining a pathology in any system, is to define the function which a healthy process of that species performs. Once that point of reference is established, the meaning of dysfunctions in that process can be established, as a matter of contrasting distinguishable species of “natural products.”

The best method used in applying that approach, is the

referenced method of *Analysis Situs*. Vernadsky’s use of the conception of *natural products*, to distinguish among non-living, living, and cognitive processes, is a useful conceptual model of the way in which an investigation should best proceed. Thus, relatively healthy and sick varieties of the same type of system can be compared, and the discrepancy addressed in terms of identifying the pathological element through seeking out the relevant “natural product.” Either a single pathology, or a range of pathologies may be specifically identified as types, in this way.⁵³

By applying that standard, one, or both of two general classes of dysfunctions may be identified. The first type is usefully termed “episodic”; the second type, to which the “goldfish-bowl syndrome” belongs, is strictly termed “systemic.”

The function to be used as a standard for reference, for examining a systemic pathology of the “goldfish-bowl syndrome” type, is a general economic function, as defined in terms of a physical economy, rather than an economy as commonly misdefined in predominantly monetary terms. The only sane premise for the usual argument against examining society from the standpoint of economy, is the incompetence of what is, usually, mistakenly considered to be economics.

53. A word of caution must be interpolated. While what I have just written is true, as far as explicit claims are made for this point, there are important, implicit qualifications to be considered, lest the reader over-interpret what I have just stated explicitly on this point, in applying what Vernadsky chose to term his concept of the observable, measurable distinction, of an efficient existence adumbrated for the observer by its “natural product.” For example, in defining the pitch of a tone of the scale in a well-tempered, *bel canto*-based system of musical counterpoint, the application of algebraic values breaks down, that for reasons understood by J.S. Bach, and all of the best Classical performing artists. The value of the pitch of a tone varies, but within a well-defined interval of the system as a whole. Thus, there is no exact value to be assigned to the note on the printed score, but a range of values. Which part of that range is used is precise for each specific case, although a slightly different value must be chosen, even within the same composition, according to precisely defined rules of counterpoint. This is the same, too little understood basis for Leibniz’s notion of a monadology. Leibniz’s monadology carries his development of a perfectly non-linear notion of the calculus to a still higher level, in which there is a distinction between a quality of an existent entity or condition, and the precise mathematical values to be assigned to that entity under what may be defined functionally as different states of that existence. Thus, for the case at hand, above, a specific pathology is a distinct type of existence, which may assume different expressions in different settings, but whose quality of existence is independent of the difference in settings. This notion of a distinction between provable existence and the precise value expressed by that existence, is a matter related to the principle of the way in which the sovereignty of the individual’s cognitive process, is expressed, by the way in which the discovery and communication of a discovery of universal physical principle occurs. This point may be tricky for those lacking the relevant education and experience, but the point is of extreme importance for practice, nonetheless. This monadology-cued method underlies the method, as reported in detail by Planck himself, expressed in Max Planck’s discovery of the quantum, and is key for understanding that incompetence of such enemies of Planck as the rabid followers of the radical positivists Ernst Mach and Bertrand Russell, an incompetence which has haunted physics since then, to the present day.

Notions of economies as essentially monetary or even merely financial-accounting systems, is a typical expression of such academic and related incompetence. That incompetence is among the most significant, and pervasive of the fish-bowl-syndrome pathologies to be considered.

First, however, I must describe the functioning of the economy as a social process. Then, against that background, we shall examine the typical pathologies of today's popular and other beliefs about economy.

As I have already indicated here, the uniqueness of the human species, in contrast to all other living creatures, is that the individual person has those cognitive powers on which his species depends. It depends, absolutely, for its continued survival as society, upon the improvement of the potential relative population-density of the human species in general, and also of particular societies. This uniqueness of the human species is expressed by the indispensable role of cognition-generated discoveries of universal physical principle, in generating man's increase of his species' potential relative population-density.

This introduces the difficulty, which I have already identified. We can not define man's relationship to the universe, unless we go beyond an individual's knowledge of valid universal principles and their subsumed technologies, to recognize that the relationship of scientific and technological principles to productivity, depends upon organized cooperation in support of the application of that knowledge to social practice. It is within the context, that the relevant pathologies to be considered, are to be located.

From the vantage-point of political-economy, the needed combination of individual discovery of principle and technology, and cooperative application of those potential advances in the potential relative population-density, there are principally two general categories of application to be considered: 1.) basic economic infrastructure, and 2.) private enterprise. These two categories of application, are situated within the context of the population as a whole. The connection between the two categories of application and of the population, is expressed by what is fairly termed "the function of changes induced in the structural composition of employment of the total labor-force."

By "structural composition of employment of the labor-force" (including unemployment, for this purpose, as a category of employment), we are pointing to changes in ratios within the economy as a whole. For example, to reformulate a point presented by Alexander Hamilton, the provision of both improvements in basic economic infrastructure and products of industry, increase the productivity of agriculture, per capita, and per square kilometer.⁵⁴ This should, normally, result in a smaller percentile of the total labor-force required for the nation's agricultural requirements, and, if the govern-

ment maintains rational forms of regulation of international and interstate commerce, a higher physical standard of living for the farmer's household, and also further increases in the productivity of the farms. The associated effect, is then a shift in composition of the national labor-force, into industry and relevant professions. This shift, if based upon scientific and technological process in both general education, and in the design of products and productive processes, transforms a growing ration of the industrial labor-force into the principal driving force for the subsequent round of progress in raising the physical-economic productivity of the population as a whole. The study of the change to this effect, for all categories, over the interval 1790 to the present, is a relevant area of study on this point.

The results of such latter studies, are, on the one side, a demonstration of how well the American System of political-economy, as defined by Hamilton, List, and the Careys, works, and, on the contrary side, points to the inevitably destructive effects of the policy-tendencies of the tradition of the Confederacy and its Wall Street accomplices. Thus, the validity of the American System is clarified, by its "natural products"; but, in the same way, the pathological character of the contrary policies, such as the trends of the recent thirty-five years, is also demonstrated.

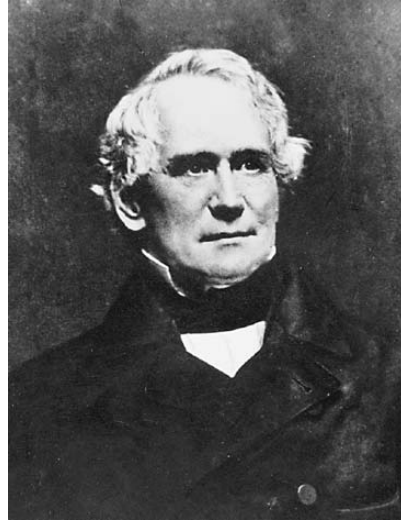
To repeat what I wrote here earlier, the relationship among all three of these components of a political-economy, is defined in terms of the three input-output categories: a.) per capita of labor-force, b.) per square kilometer of surface area, and c.) rate of long-term improvement of the demographic characteristics of a growing population as a whole. The rate of increase of the relative ratio of output to input in all three combined categories, implicitly defines a function.

As for planetary orbits, this function can not be determined by simplistic statistical projections. We can measure apparent changes in performance after the fact; but, while we can project improvements, we can not arrive at the exact amount of those improvements by statistical accounting, or related, methods. We can know what to do to obtain a significant benefit, but we can not know in advance, by any presently conventional statistical methods, what the amount of that benefit should be.

Indeed, if we might imagine, arbitrarily, that all the other difficulties of making an exact projection were solved, we will still be faced with the fact that the driving-force of long-term progress, is the sovereign, and willful cognitive powers of each among the members of that society. No deterministic solutions for this forecasting problem exist; *only voluntaristic ones could succeed in addressing this challenge*. That would not occur according to deterministic standards. *The principal function of the economist, is not to predict exact efficiencies achieved, but to advise on selection of choices of route of travel.*

In everything important in history, in the life of nations, and so on, the decisive factor of change is willfulness, efficient

54. Op. cit.



Alexander Hamilton (left) laid out a combined development of agriculture, infrastructure, and urban production, which he identified as integral features of the American System of political-economy. This concept was developed further by the world's greatest economist of the Nineteenth Century, Henry C. Carey (center), and by the German-American economist Friedrich List (right).

intention. Don't ask your accountant to tell you what the result will be, choose the efficient intention which will permit your appropriate degree of determination of what are relatively good, better, bad, or worse choices of route of action. The best choice should achieve reasonable success in reaching assigned goals.

Think like a scientific discoverer, not an accountant. It is usually despite a mistaken, shareholder-interest type of accounting practice, that, ironically, national economies have achieved their relatively greatest degree of progress in technology and output, under conditions of warfare or threat of warfare. This is not because warfare is productive, quite the contrary. It is that when the imperatives are powerful enough, progress occurs despite the advice inherent in current, shareholder-oriented methods of accounting practice.

The cannibalistic self-destruction of the U.S. economy, since the 1966-1968 Southern Strategy-based election-campaign of President Richard Nixon, illustrates the point. The same can be said of the world under the reign of the IMF's inherently parasitical, "floating exchange-rate" monetary system, since mid-August 1971, illustrates the point. The same is to be said of the tax-reduction policies of President George W. Bush et al., which are destroying the U.S. economy, in order to privatize it, which is, in other words, to cannibalize

it: to loot it into an even more catastrophic condition than has been already reached through such national economic calamities as the Presidencies of Nixon and Carter.

I shall now put together the pieces of the economy which I have identified. I have slightly amplified those elements. To make the readers' task easier, I shall now construct the relevant picture of the economic process in two phases. First, I present the structure of the economic process in cross-section. Secondly, I describe the changes in that cross-section as a process. This process I represent as comparable to Kepler's development of the relationship among the principles which determine the structure of the Solar System.

Viewed in Cross-Section

The first component of an economy to be considered, is what is best classed under the heading of "basic economic infrastructure." In political economy, which first came into existence as a by-product of the first modern sovereign nation-states, during the Fifteenth-Century European Renaissance, the proper functional definition of "basic economic infrastructure," is the nation-state government's unique responsibility for *all of the people* and *all of the nation's area*.

Thus, in matters which affect the functional condition of the area as a whole, or the people as a whole, the state has

duties and authorities which it may delegate conditionally, but the state retains the unshirkable, full responsibility for the general welfare of the nation, its area, and its people, each considered as an indivisible whole interest.

As detailed in earlier published locations authored by me, and in an important historical study by my wife Helga Zepp-LaRouche, although the effort to establish sovereign nation-states may be traced from the famous Peter Abelard, through the struggle by the Emperor Frederick II, in Italy and Sicily, Alfonso Sabio of Spain, and the work of Dante Alighieri, the first successful prescription of the form of sovereign nation-state republic was by Nicholas of Cusa, in his influential *Concordantia Catholica*, in which he defined the essential, principled conditions for replacing the feudal system, by the establishment of a community of principle among distinctly defined nation-states, states which were each perfectly sovereign, and must remain so.

This led, through that century's great ecumenical Council of Florence, to the establishing of a reformed France under Louis XI, and, with the overthrow of the tyrant Richard III, the continuation of the example set by Louis' France in the England of Henry VII. However, for complicated reasons, including the Venice-orchestrated, ruinous religious wars which plagued Europe during the 1511-1648 interval, the first true sovereign nation-state republic was founded, by backing from the leading promoters of the general-welfare principle from throughout Europe, in the U.S.A., during the interval 1776-1789.

The uniqueness of the sovereign nation-state, lies not in its form, but rather its coming into existence as *a fundamental change in principle of government as such*. Prior to the Fifteenth-Century Renaissance, all known society was based on systems in which a relatively small number of families constituted a ruling caste, which hunted, herded, used, and culled the greater mass of their subjects, subjects they treated, in practice of law and custom, as virtually, or even actually human cattle or wild animals to be hunted, and either killed, or turned into domesticated human cattle.

In the history of the region around the Mediterranean, those forms of European culture which subjected the many to the actual or virtual condition of human cattle, were of the type known as the "Babylonian," "Persian," or "oligarchical model," the latter so named for the role of formal oligarchies, including that of Sparta. This was also the model of ancient pagan Rome, and of the Roman Empire, and the Byzantine Empire as well. It was also the model of the European feudal system, and the model expressed as the rise to imperial maritime power of the Venetian financier-oligarchy.

The crucial feature of the Fifteenth-Century revolution in statecraft, was the adoption, as a principle of natural law, of the principle known in Christian theology as "the common good," as not only a principle to be observed by government, but as a condition on which the moral right of government to

exist depends absolutely. This principle of statecraft, has been described, since the Fifteenth Century, as "the general welfare." Under the principle of the general welfare, no government has the moral authority to rule, except as it remains efficiently committed to promote the general welfare of all of the people and their posterity.

In other words, the Confederate States of America ("the Confederacy") never had the moral right to exist. A government which condones chattel slavery, or otherwise subjugates large portions of its own people to the status of virtual human cattle, as approximately 80% of the U.S. population has been so degraded under the legacy of Richard Nixon's 1966-1968 "Southern Strategy" campaign, has abandoned its moral claims to rule. Unless it repudiates such a policy of practice, that society is in the process of bringing its ultimate destruction upon itself, either in the short term, as the U.S. is self-threatened today, or over several or more generations, as the ancient Babylonian, Achaemenid, Roman, Byzantine, Dutch, Portuguese, Spanish, Austro-Hungarian, British, and other empires, have either been destroyed, or are now foredoomed to that outcome. Such, as Aeschylus' Prometheus trilogy argues, are "The Twilights of the Gods."

Earlier forms of society, like the Eighteenth-Century Physiocrat, and virtual Bogomil,⁵⁵ Dr. François Quesnay of *laissez-faire* notoriety, deemed the landlord's serfs to be merely human cattle, as making no more economic contribution in excess of their bare subsistence, than mere cattle do. Societies constituted according to the oligarchical model, considered the state and its people, as the personal property of the emperor, or some functionary or caste which held that kind of power. Thus, under those conditions, political-economy as we know it since the close of the Fifteenth Century, did not, and could not have come into existence.

From this principle of natural law, the principle of the general welfare, came such including leading features as the notion of basic economic infrastructure, Roman military roads and aqueducts notwithstanding. The difference between the infrastructure-building practice of civilized society and Roman road-building, will be made clear in the following pages.

Today, the required amount of the total investment in basic economic infrastructure of society, as required for sustaining the growth of the U.S. economy as a whole, runs toward, or sometimes above half of the total investment in the economy. Franklin Roosevelt's mobilization of the U.S.

55. In the history of Anglo-Dutch liberal doctrines, Quesnay, like Bernard Mandeville, and their follower Adam Smith, based the entirety of their doctrine on the pure superstition, which they copied from the Bogomil cult's tradition, that the successful outcome of a political economy, depends upon an unknown agency operating magically, like an "Invisible Hand," as from under the floorboards. This was the conception of Mandeville and his Mont Pelerin Society followers today, just as Adam Smith plagiarized the same notion, as *laissez-faire*, from the French Physiocrat Dr. François Quesnay.

economic recovery from Calvin Coolidge's terrible 1929-1933 economic depression, required relative levels of investment in about those proportions.

If the level of investment falls significantly below that or a similar required level, the economy as a whole will either simply stop progressing, or will even collapse, in much the way the collapse of the net level of investment in infrastructure has collapsed, in the order of many trillions of dollars, since the depredations caused by the successive, radical policy-changes by the Nixon and Carter administrations.

The fraudulent claims to prosperity, by the U.S. government, during the recent thirty years, have created the spectacle of a man who proudly fills his stomach by dining upon his own legs. The pillaging of earlier capital investments in such infrastructure, and the casting-off of responsibilities for previously established infrastructural responsibilities of government, are typical of the methods of what the French have named *autogestion*, in which abandoning the maintenance of an actually incurred essential cost, even entire, essential elements of industries, appeared as a contribution to profit-levels in some parts of the economy. One does not need to resort to a stock-market forecaster's statistical charts, to know where that kind of "consumer economy" is headed.

The leading "hard" components of basic economic infrastructure, include the categories of general water management of the territory as a whole, development and maintenance of transportation systems for the area as a whole, development of the land-area, and, increasingly, the development of a system of production and delivery of power, in increasing quantities and effective energy-flux densities. The management and development of forests and the land-area generally, are integral and urgently required components of basic economic infrastructure.

Similarly, the state has the responsibility for ensuring the provision, maintenance, and development of health-care and educational systems. The special feature of these two professions, is notable here.

Both latter professions, when competently practiced, place their emphasis upon the sovereign character of the individual's cognitive functions. The role of the educator and working scientist, within the setting of a Classical humanist method of both education and collaboration with colleagues and others, typifies this. In health, the education and work of the individual physician is exemplary of the same principle, just as the relationship to the sovereign personality of the patient defines the role of cognitive functions in the work of physician.

In an educational system consistent with Classical humanist principles of education, that system, when integrated with its proper leading role in fostering the production of the advances of science and technology, produces a benefit which spills over into the economy as a whole, and serves as the principal driver of the national and world economies.

Thus, even on this account alone, the decrease of the

teacher-pupil ratio, to about fifteen to twenty in a class, is essential for a high rate of intellectual productivity, and is therefore indispensable for effecting a high rate of increase of productivity in the economy as a whole. Without a high rate of cognitive participation of each and all among the students, with the teacher, and among each other, a high quality of Classical humanist education, and future scientific and related productivity of the pupils will not be generally possible. At the same time, the increase of the ration of this sector of national infrastructure, relative to other categories of employment, is the mark of a growing and progressive economy and the standard of living enjoyed by its households.

In addition, basic economic infrastructure includes the essential functions of the government itself, without which a nation would lack the efficient capability to meet its general welfare responsibilities.

In all these matters, the state has the lawful option of delegating the conduct of at least some of these infrastructure functions to either local government, or to regulated private entrepreneurships. Where none else will, or could step in to perform the function effectively, the state must.

Without these functions of national government—with a "withering away of the state," as utopian socialist and anarchist orators used to howl their rhetoric—there would be no means for efficient defense of the general welfare of the people. "Globalization," as it is called euphemistically today, would mean a rapidly emerging financier-oligarchy-controlled world empire, under whose reign the greatest genocide in history would be unleashed in a rapidly escalating pattern. It is the modern form of sovereign nation-state, upon which the defense and maintenance of the general welfare depends absolutely.

No national political-economy operating under the rule of universal "free trade," ever succeeded in maintaining itself, except by enjoying and using the power to loot other nations, as the British monarchy has done for about three centuries to date.

As we see in the way in which President Bush's personal financial cronies are looting the energy systems and health-care systems of the nation, the results oblige us to describe these circles as best named "privateers," since their existence depends upon enjoying the same legalized authority to loot and pillage as the legalized pirates, set upon the seas under such colors of legitimacy as "letters of marque." They are modern buccaneers, those multi-national corporate interests, who, with aid of private armies of mercenaries, have been looting Africa, and playing a leading direct as well as indirect role in literal genocide unleashed upon populations such as those in the Great Lakes and eastern Congo area, and who are preparing, together with presently leading forces in Australia, to pick the body of distressed Indonesia, after the customary practice of packs of hyenas.

Apart from basic economic infrastructure, there is chiefly private entrepreneurship. This is represented, chiefly, by two

cornerstone categories, agriculture and goods-producing industry.

The performance of the technologically progressive family, or intra-family farm, of several hundred acres for a crop farm, and perhaps a few thousand for a ranch, proved itself, until President Jimmy Carter, the most effective food-supplying machine imaginable. As long as this type of highly productive farmer could obtain a fair price for the farm's product, the educated modern family farmer would not only produce food, but would also supply a great part of the maintenance of woodlots and idle land-areas, on which the general defense of the environment depended. Cut farmer's food-prices far below the total net incurred cost of maintaining the farm in production, and with continued rate of improvements, especially since the 1977-1981 interval, and you have the wind-swept, desolation across what used to be the great farm-belt of the U.S.A. before that time.

There are areas of the world today, which were once prosperous, areas such as Iraq, which supported a far larger population in ancient or medieval times, than they could support today. The root of that painful discrepancy, is degraded economic policies toward agriculture and infrastructure, such as the practices of usury introduced by the predators who usurped control of the great Caliphate of Baghdad. Travelling a short distance up the Euphrates, during April 1975, I saw with my own eyes, what I had come to know of the history and ancient medieval Mesopotamia from my exemplary 1950s studies of the physical-economic history of the region. What the predatory, usurious successors of the great Caliphs had done to ruin what had been one of the most advanced cultures, during the reign of Charlemagne, and predators who followed, has never been truly repaired to the present day, and, if the faction of Margaret Thatcher and the George Bushes have their way, never will.

That tragedy of Mesopotamia should be taken as a warning of something similar set into motion in the U.S.A., under both Nixon and Carter during the 1970s. Just as the Coolidge Administration acted during the 1920s, to accelerate the spread of what became the dust-bowls of the 1930s, the kinds of economic policies toward agriculture, and rural and semi-rural America generally, today, are modern mimics of the follies which caused the genocidal collapse of regions of the ancient and medieval world.

In his celebrated 1791 Report to the U.S. Congress, *On the Subject of Manufactures*, Treasury Secretary Alexander Hamilton laid out, prophetically, a combined development of agriculture, infrastructure, and urban production, which he identified as integral features of the *American System of political-economy*. This concept was developed further by the German-American economist Friedrich List, and by the world's greatest economist of the Nineteenth Century, Henry C. Carey.

Carey was no arm-chair economist. The 1861-1876 economic mobilization of the U.S.A., was conducted under

American System policies pushed by Carey, which guided President Abraham Lincoln to unleash the great mobilization which made the U.S. the world's leading model of an agro-industrial economy by 1876, a model which inspired much of Eurasia, including Japan, Germany, and Russia, to adopt the American model as their newly adopted policy. The great Nineteenth-Century upsurge of economic progress among nations of Central and South America, were also fruits of the impact of the 1861-1876 program of Carey.

Such are the principal elements of the basic structure of a viable modern agro-industrial economy. Infrastructure, agriculture, physical-goods-producing industry. They are the basic, essential elements, but not the truly crucial element which actually drives economic growth.

That sets the stage for the more crucial elements of the discussion. Now consider the features of an economy which drive it upward.

Whence Growth

Put all monetary theory aside for the moment, so that our attention may be fully concentrated on reality, on physical economy. The question, so situated, is: How are we able to increase physical productivity of the national labor-force as a whole, such that the standard of living of households is constantly improved over the course of the span of a generation, yet the ration of the total output devoted to new investment increases per capita and per unit-area? Thus, we have returned to the subject of science and technology. Consider the relevant essentials of the matter.

First, all increases in the *potential* productive powers of labor, are derived from the combined effects of, first, the discovery of validated universal physical principles, and, second, from the technologies which are defined as included features of successful test-of-principle experiments. This includes tests of new combinations of technologies.

Second, all realizations of the potential increases in the productive powers of labor, are made possible solely through the cognitive aspects of cooperation among the members of the society. *This is the area in which the principal systemic pathologies of national economies are located.*

Now, think like Kepler! Put it this way. Given knowledge of past trends in performance of a physical economy, on what premises can we presume that those trends show us what the future will bring? Take as an example of the problem, one of Karl Marx's most famous blunders, his doctrine of the decennial depression-cycle.

The Pathology of 'Free Trade'

Was there a basis for reporting the existence of a past pattern of decennial cycles by Marx and his orthodox followers? Yes, there was. Was there, allowing a certain degree of fair approximation, a significant continuation of that pattern? Yes, to some degree. Was there some adducible scientific basis for such patterns? Yes, there was. Did Marx understand

such patterns? Excepting the great blunder on this point featured in what Frederick Engels organized as Volume III of Marx's *Capital*, Marx did recognize a cyclical trend built into a pattern of a greater rate of appreciation of financial capital than actual output; but, his proposed theoretical explanation for the appreciation of the financial capital, was wrong.⁵⁶ The root of his blunder on this account, was his adoption, under such influences as Frederick Engels and the veteran British Foreign Office agent Urquhart, of the official British mythologies concerning the origins of political-economy.

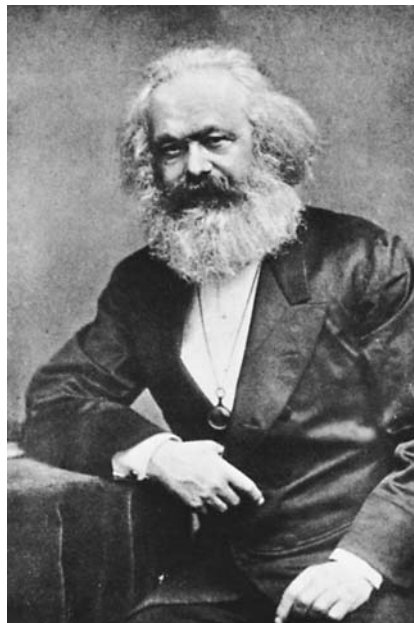
Marx's blunder, on this account, was identical in form to that of Claudius Ptolemy: his, and Engels' failure to grasp the rudiments of scientific method. Except for the fact, that the antics of Margaret Thatcher, the two President Bushes, and their like, might be bringing Marx's name back into vogue again, we need consider Marx's mistakes only as a way of putting that issue to one side. The importance of Marx's error, is that he borrowed it from, chiefly, British subjects and their agents, such as Giuseppe Mazzini.⁵⁷ The deadly problem threatening humanity today, is principally the wild-eyed follies embedded within philosophically liberal British political-economy.

The folly of British liberal political-economy, should remind us of Copernicus' qualified success in reviving the ancient Greek astronomer's insistence, and also the insistence of the Fifteenth-Century Cardinal Nicholas of Cusa, that, contrary to Ptolemy, the Earth orbited the Sun. Was Copernicus' approach to astrophysics reliable? No, it was systemically incompetent. Marx and Copernicus failed similarly on this point. They both committed the same fundamental, reductionist's error of method, the error pointed out by Kepler.

The point I am emphasizing at this location in my report, is that, contrary to Marx, *there was never any political-economic necessity that a modern agro-industrial, entrepreneurially-driven economy should be subject to boom-bust cycles*. Similarly, it was never guaranteed that a marriage would produce children, unless one added the proper, efficient *intention* to the arrangement, as Kepler pointed out the crucial significance of *intention*, in his rebuke of both Copernicus and Tycho Brahe. Even putative accidents are usually a reflection

56. On this matter, Marx's *Capital* contradicts itself frequently, as, implicitly, certain of the treatment of the notions of productivity in Volume I, as against related notions of "contradictions" in capital accumulation in Volume III.

57. Not only had Marx been associated with British Lord Palmerston's asset Giuseppe Mazzini since Berlin days. It was Mazzini personally, who convened the London meeting at which the International Workingmen's Association was founded, the meeting at which Mazzini publicly designated Marx as Secretary of the Association. Urquhart's function at the British "Museum" was as intelligence controller of the network of Mazzini's far-flung "Young Europe" and "Young America" associations. It was the "Young America" branch which launched the drive for the Confederacy from South Carolina. Obviously, Marx abhorred the Confederacy, an abhorrence which, among other ironical items, demonstrates his ingenuousness on relevant points of life in the days of Bentham's protégé and successor, Lord Palmerston.



Contrary to Karl Marx, there was never any political-economic necessity that a modern agro-industrial, entrepreneurially-driven economy should be subject to boom-bust cycles.

of an intention lurking somewhere among the bushes. What should we conclude from this?

Address this question from the standpoint of my unmatched success, at least according to the published written record of my forecasts, as the most successful economic forecaster among all known during more than three decades. That has never been factually contested, except in cases in which what is attributed to me for that purpose is contrary to fact. This permits me to make certain blanket statements, as an expert, on the condition that I then show the evidence proving that proposition.

Looking at the present state of globally extended contemporary European models of economy, the principal fallacy in all these cases, has been the adoption of the religious superstition of the Bogomil cult, the so-called "free trade" principle of Mandeville, Quesnay, Smith, Bentham, et al. The contrary principle is typified by that American System of political-economy, which was founded largely on the basis of the Americans' study of the argument which Leibniz made, under the formulation "life, liberty, and the pursuit of happiness," against the follies of the dogma of John Locke's *Essays on Human Understanding*.⁵⁸ Here, in this contrast, we meet, yet once again, the same issue of science versus reductionist statistics, which Kepler addressed and proved in his treatment of the erroneous method of Ptolemy, Copernicus, and Brahe. The issue is, once again, reductionist forms of statistical determinism, versus science.

The crucial issue of economic processes, is, "What is the

58. See, Philip Valenti, "The Anti-Newtonian Roots of the American Revolution," *EIR*, Dec. 1, 1995; and Robert Trout, "Life, Liberty, and the Pursuit of Happiness," *Fidelio*, Spring 1997.

intention of the state?" Here is where Marx's quasi-Hobbesian notion of a state defined by molecular-interest modes of conflicts among private and class interest, fails axiomatically. The founders of the U.S. republic were wiser. The secret of choice between successful and failed economies, lies within the choice of *intention* of the state, the intention adopted as the efficient will of the nation as an indivisible sovereignty.

In the case of the U.S., the overriding intention is that set forth in the opening paragraphs of the 1776 Declaration of Independence and the 1789 Preamble of the U.S. Federal Constitution. That is the primary constitutional intention of the U.S. economy under the American System of political-economy. That intention is implicitly sufficient, on the condition that we must, from time to time, supplement that with specific medium-term to long-term policy-objectives, as, for example, in the case of the mobilization of a war to defend the Preamble of our Constitution.

That issue of the *intention* of the indivisible sovereignty of a republic, an intention premised upon Socratic forms of cognitive reason, has been the life-and-death issue of internal political and social conflict within what became the U.S.A. since the English crisis of 1688-1689. It has been the continuing, legendary conflict between the two great factions which have divided our republic internally, from that time to the present day. It has been known over more than two centuries as the conflict between the American patriotic tradition, which I represent in this report, and the American Tory tradition of all of my notable classes of political enemies.

The latter enemy, the enemy of the legacy of President Franklin Roosevelt, and of what I represent today, is typified by the Southern Strategy launched, as a virtual coup d'état, under the banner of the Nixon election-campaign of 1966-1968, the banner carried by ex-President Bush and President Bush today. The Southern Strategy form of the American Tory faction, is typified by an alliance between the type of Wall Street interest once represented by the "shareholder" interest expressed by the Bank of Manhattan's, and the British Foreign Office's Aaron Burr then,⁵⁹ and the southern slaveholder interests, and so-called Nashville Agrarian tradition today.

From the late 1770s, the conflict between the American patriots and the influence of the American Tory currents, was expressed as a conflict between two classes of general economic policy, a patriotic policy known as "protectionism," and a Tory policy known as "free trade." The quarrels which have erupted around those two policies, have taken many forms, some crucial, some merely secondary, or even trivial. The issues addressed by this report limit our attention to the primary, constitutional implications of the opposing policies.

The function of protectionism, is to give preferential treatment to those activities which promote the general welfare,

59. Anton Chaitkin, *Treason in America: From Aaron Burr to Averell Harriman* (Washington: Executive Intelligence Review, 1999).

and to place a relatively greater burden on those which do not. Traditionally, this application of the general welfare has been expressed, chiefly, in the following several ways.

1. Regulate the development and maintenance of projected requirements in basic economic infrastructure, including all aspects of the general welfare of the population at large, and provide for the national defense.
2. Control the issue, adequate issue, and circulation of a national monopoly over the national currency, including the frustrating of all speculation against it by either domestic or foreign agencies. An efficient prohibition of the practice of usury in all forms, with efficient measures to accomplish this.
3. Create a regulated system of credit and banking, and regulate practices in both, that according to both the principled national interest in promoting the general welfare, and on behalf of medium- to long-term policies which have been adopted as in the current national interest.
4. Regulate foreign and interstate commerce, as the principle of the general welfare and current national interest, combined, may require.
5. Give preferential treatment to those categories of investment and other activities, to those private undertakings which should be given higher priority according to the current determination of the national interest.

All these and related measures are aimed, inclusively, at preventing the influence of monetarism over the economy. If that is done efficiently, no business cycle would exist.

The business cycle, is a product of the toleration of the practices associated with so-called "shareholder value." Under the latter toleration, unless interrupted, financial bubbles leading to either cyclical or even breakdown crises, such as the presently globalized general financial collapse, are inevitable. Such bubbles, such as the present U.S. financial bubble, assume the form of investment in the expected rate of monetary yield on a financial holding, rather than investment in increasing both the physical productive powers of labor, and the quantity and quality of the total product. In other words, promoting the three objectives I have summarized earlier: a.) increase the physical productive powers of labor, per capita; b.) increase the net rate of output, in quantity and quality, per square kilometer of area; c.) defend and improve the demographic characteristics of the households.

Government must use its rightful, constitutional monopolies of power, to ensure that the flows work to those in-

tended effects.

The significance of those prescriptions of any well-ordered sovereign nation-state economy become clearer, when we consider the American System's only strategically significant rival, the British model of political-economy.

Where It Came From

Taking into account all the faults of the U.S. government's policies during the post-Franklin Roosevelt, 1945-1961 interval, that economy was still a net success, as measured by the criteria I listed above. The downturn began during the fiscal year 1966-1967. If we take into account the often-overlooked capital losses to the U.S. physical economy through what I have described in the French style as *autogestion*, the U.S. economy has been in an uninterrupted down-slide, since the substantial, abortive cut-backs in the Kennedy space program, during 1966-1967. We did reach the Moon in grand style, but have not been able to return, since that initial series of landings.

The shift in policies causing this downturn, were introduced about 1964-1966, about the time the Beatles appeared on the Ed Sullivan Show. A British-inspired cultural-paradigm down-shift, accelerated by the impact of the U.S. war in Indo-China, spearheaded the anti-industrial, anti-science shifts in policy, which have been the characteristic feature of the 1967-2001 decline of the U.S. physical economy, and real standard of living of the lower 80% of family-income brackets, to date. The most notable correlative of these factors, was the role of the Nixon Southern Strategy campaign of 1966-1968. The crescendo of "free trade" mania and "shareholder value," since, is the characteristic feature of the degeneration of U.S. economic policy during the period since, especially August 1971, and even more emphatically, since the 1977 inauguration of President Jimmy Carter.

In other words, the U.S.A. which had emerged at the close of Franklin Roosevelt's Presidency, was predominantly an American System economy, although with an increasing influence of American Tory influences under Presidents Truman and Eisenhower. President Kennedy represented a credible threat to return the U.S. to the American System, but his assassination, especially after McGeorge Bundy's immediately clearing the way for the war in Indo-China, brought the Kennedy economic policies to a close by 1966-1967. With Nixon and Carter, the American Tories took over. The Mont Pelerin Society version of the British model, otherwise sometimes known as the Thatcher model, took over in the domain of economic policy increasingly, all the way up to the currently ongoing crash of the system that has ruled and ruined us under the preponderance of influence of the Southern Strategy.

What, then, is this pesky British liberal model?

It is the Venetian model, a model developed during the period of Venice's replacing Byzantium as the dominant imperial maritime power of the Mediterranean. This imperial maritime power reigned through its practice of usury, initially

as the "loan shark" of feudal Europe. Venice's policies were typified by that so-called Lombard banking system, which, together with the state of warfare orchestrated by Venice in concert with the Plantagenets, plunged mid-Fourteenth-Century Europe into what historians have named "The New Dark Age," during which more than 30% of the level of population of Europe, and half its parishes vanished, within but a few decades.

The Fifteenth-Century Renaissance, which launched the institution of the sovereign nation-state, threatened to end Venice's power. Venice, after defeating the League of Cambrai at the beginning of the Sixteenth Century, struck back, unleashing the persisting pattern of massive religious warfare of the 1511-1648 interval. As part of this process, a Venetian, Zorzi, appeared as the marriage-counsellor to England's Henry VIII. Zorzi was flanked by a Venice asset and Plantagenet heir, Cardinal Pole, by the most notable agent of Venice, Thomas Cromwell, and sundry others. The bastion of the Renaissance in England, Sir Thomas More, was beheaded. With developments of 1588-1589, including the rise to power of such agents of Venice's Paolo Sarpi as Francis Bacon and Thomas Hobbes, the Renaissance was almost uprooted in England; the empiricism concocted and spewed by Sarpi took over the official culture of England.

Courageous and insightful representatives of the tradition of Thomas More, William Gilbert, and William Shakespeare, backed the establishment of those American colonies founded in the spirit of the Renaissance. With the later coup d'état by the bloody tyrant, William of Orange, the Venetian Party of Europe had seized nearly total control of England. There was an heroic counter-effort by English patriots, such as Jonathan Swift, but, with the banning of the potential Prime Minister, Leibniz, and the death of Queen Anne, the Venetians, their economic power centered in the Dutch and British East India companies, gained dictatorial power with the accession of Orange's former protégé, George I.

Meanwhile, in the aftermath of the 1648 Treaty of Westphalia, the religious warfare in Europe brought under control, the imperial maritime power of Venice was tottering strategically. Under these circumstances, the Venetian financier-oligarchy aimed to create a new "Venice" in its own image, to the north, in those countries, England and the Netherlands, best suited strategically to emerge as a new imperial maritime power, to operate globally, rather than with the limits of what had been feudal Europe and its Mediterranean and Black Sea flanks. England and the Netherlands became the clones of Venice. During the sweep of the Eighteenth Century, when Venice was drifting into the background, the Venetian Party, so-called, dominated Europe. Venetians deployed from Italy turned up playing a strategic role as influentials from inside the capitals and governments of the nations of Europe.

In this circumstance, the heirs of the Renaissance, gathered around the hope of establishing a true sovereign nation-state republic in English-speaking North America, banded together, using the American cause as a common rallying-

point of resistance to the influence of Venice and its financier and royalist assets throughout Europe. Thus, when one rips off the masks, the only significant division within the entire sweep of the post-1511, globally extended European civilization, is the continuing conflict between those principal political forces, the Renaissance tradition, represented, on the one side, by the American System of political-economy, and, on the other, the Venetian tradition whose leading expression today is the British liberal model of economy. The emblematic expression of this conflict, is the conflict between production and usury.

A Riemannian View

We must learn from the experience of the most typical, separate and combined follies of “free trade,” “out-sourcing,” and “globalization.” See why only a reckless incompetent, or worse, in economics, would ever endorse the idea of gaining an advantage from “cheap labor,” and “less burden of maintaining infrastructure” in less developed regions. The principle subsuming these and related cases, is that *productivity is not located within the activity of an individual, nor of a particular private enterprise*. A few examples will be sufficient for our purposes here.

Consider the case of infrastructure, first.

Given, two virtually identical industrial plants, committed to producing products of identical design and specifications, one in an infrastructure-rich region, the other in an infrastructure-poor region. Even assume that the skills of the operatives are equal, the plant situated within an adequate, or improved infrastructure of its nation and region, will have a significantly higher productivity. Bernhard Riemann would explain it to you very well.

Before reaching his conclusion, Riemann, as a highly skilled experimental physicist, trained in the school of Carl Gauss, Wilhelm Weber, and Lejeune Dirichlet, would demand that the relevant data be “normalized,” that in the same sense a qualified astrophysicist, such as Kepler, would do in dealing with a series of observations to be made in the setting of a multi-body function. So, in economics, one must define the system in which one’s measurements are to be located; otherwise, you are incompetent, as most contemporary academically trained economists are. You must always define the functional relationship of the subjects of the observations to the context in which they are situated. You must also define the cycles, such as physical-economic half-life of a capital investment, of each subject and the distinct functional aspects of its context.⁶⁰

60. Never allow ideology, such as mere popular opinion, to substitute itself for science. Typical of the kinds of errors generated by ignoring such basic principles of experimental science, are the false assumptions underlying the Kyoto agreement on the subject of so-called “global warming.” Any competent study of global warming and cooling patterns, must begin by setting forth the two dominant factors in determining the cooling and warming trends in the Earth’s atmosphere: the recurring long-term cycles of glaciation, and cycles of Sun-spot and related action by the Sun itself. The recent warming

Although the principal determinant of potential productivity is cooperation in the application of discovered universal physical principles, the relative impact of the application of such principles, and their associated technologies, to production, depends upon four factors: 1.) the quality of cultural development of the labor-force employed; 2.) the level of intensity of physical-capital investment in the development and use of the means of production; 3.) the development of basic economic infrastructure; and, 4.) the effect of the environment, including its improvement or depletion, on the other three.

1. For example, a family household which must work the equivalent of more than one-hundred-twenty hours a week, or more, especially if the commuting-time for each working person exceeds four hours per working day, can not sustain the cultural quality of life in the household to raise children effectively. If the household income per capita is relatively low, the destructive pressures tend to be enormous. If the educational system and related cultural environment, are not pro-physical science (rather than formal-mathematical) and do not approximate the principles of a Classical humanistic education, the quality of potential productivity, and capacity for rational behavior, and ability to assimilate challenging productive skills, of the next generation’s labor-force will be significantly inferior to that of the current generation, falling repeatedly over successive generations.
2. Even under the relatively best family-household conditions, and formal education, the lack of sufficient well-maintained intensity of capital investment in means of production, will depress the productivity of the labor-force significantly below its human potential. Depletion of historical physical-capital investments, will lower productivity, even bringing it down to catastrophically poor levels, as we witness the reaching or verging upon such breaking-points in the U.S.A. and Europe today.
3. If the environmental conditions are kept relatively constant, the most decisive factor in determining relative productivity is basic economic infrastructure, as I have described this above. On this point, the importance of employing the standpoint of Riemann is made most emphatically clear.
4. The so-called “environment,” including climate, is increasingly subject to improvements, as the level

patterns documented, coincide almost exactly with Sun-spot cycles. Overall, the world is in a long-range cooling phase, since about a thousand years ago, leading toward a new ice age a few millennia or so down the line.

of accumulated knowing of universal physical principles increases, and as higher levels of productivity and of applicable energy-flux density emerge. Furthermore, as science and technology progress, even the definition of natural resources changes.

For example, with the presently foreseeable development of large-scale power-generating complexes of very high energy-flux densities, the use of so-called fossil fuels will shrink as if toward the vanishing-point. Petroleum and natural gas, like coal, for example, will be used, more prudently, as feedstocks for the chemical industries, while synthetic fuels for heating, automobiles, and aircraft, for example, will be generated more or less locally.

Also, had the U.S. space-program not been aborted increasingly, since nearly thirty-five years ago, we would, today, have established automated production on the Moon, would have a functioning geostationary space-station in operation, and would be combining Moon-built large-scale components with relatively light-weight essentials lifted, by aid of a Sanger-type system, to be combined with the product constructed on the Moon. Under those conditions, sending flotillas of such space-craft, under continuously powered flight, to the orbit of Mars, as Wernher von Braun proposed during the 1950s, would have occurred, or have been in sight, and the building of a pilot “science city” under the surface of Mars, would have come within reach.

Under the kinds of conditions of ongoing change in the Solar System, that implies, the benefit to life on Earth would not be, generally, raw materials shipped back to Earth, but, rather, changes in the way we live and work on Earth. Under those conditions, the functional definition of terms such as “climate” and “environment” will undergo significant changes. The conclusion to be reached from such considerations, is simply, that it is man’s interest and duty to improve, not ruin our environments, and, by relying upon scientific progress, we shall always be in reach of doing what must be done next.

The immediate issue to be stressed here, is that “out-sourcing,” “free trade,” “privatization,” “deregulation,” and “globalization,” are violating every principle of sound economic practice. These are more in the nature of diseases of the mind, than deserving the dignity of being called “policies” or “legislation.” These are typical of the deluded axiomatic assumptions, which induce fishbowl-syndrome-like folly in the mass behavior of much of our present population.

That should be generally obvious, even without introducing the implications of Riemann’s discoveries. However, in defining the long-term view needed to guide us in rebuilding our much-ruined planet and its national economies over the span of a coming generation (about twenty-five years), the introduction of that Riemannian standpoint becomes essential for long-range policy-planning.

What “out-sourcing” has done, is to loot the pre-existing

potential of the nations to our South, for example, while destroying the productive potential and productivity of both the U.S. economy, and also of the members of its labor-force. In the latter case, we have, over a period of approximately thirty-five years, followed the prescription of the “Triple Revolution” manifesto of 1964.⁶¹ The emphasis, especially since the 1979 institution of the so-called “Volcker measures” of “controlled disintegration of the economy,” has been on dumping U.S. industries and industrial employment, and substituting cheap labor from poorer nations. We have either shipped jobs into overseas cheap-labor markets, or imported the cheap labor to replace the presently employed, and have forced our citizens to meet the competitive standard of cheap foreign goods, and imported cheap labor, thus crashing our family incomes, and also the real, non-fictitious component of our national income. As a matter of government and corporate policy, the U.S. has collapsed its investment in basic industry and employment of its productive labor-force, ruined the U.S. agricultural system which was once capable of feeding much of the world, and created a vast increase in otherwise unemployed people in readily dispensable forms of labor-intensive employment, in categories which are of doubtful usefulness, and which are, at best, purely overhead, easily discarded “when the time comes.”

Thus, by applying the rules of “free trade” and “globalization,” the nations participating in such exports to the U.S. (for example) are looted, by paying the employed labor far less than the cost to the physical economy of the exporting nation. Thus, like the British Empire, the U.S. has been living lately not on what it produces, but, instead, on a growing margin of “invisible earnings,” scraped off the backs of the nation used as an “out-source.” By “globalizing” the world market, the nations used as out-sources are both more and more cannibalized themselves, but they, the victims of this arrangement, now engage in cannibalizing one another in a similar way.

Thus, the margins represented, cumulatively, by buying way below the actually incurred physical cost of production, by adding the unpaid margin of the U.S. current accounts deficit to the nominal income of the U.S., and by a multi-trillion-dollar sucking of the monetary flows of the world into U.S. financial markets, the situation has been now produced, in which the collapse of the U.S. as an importer of last resort, sets forth a self-feeding spiral of collapse of the financial and physical economies in all parts of the world sucked into the “globalized free-trade” system, including the U.S. itself.

Now, look at the picture I have just described from the vantage-point of a Riemannian view of the impact of basic economic infrastructure.

In Riemannian mathematical physics, *the characteristic feature of any physical action, is the product of both the rela-*

61. March 1964 memorandum to Lyndon B. Johnson from the Ad Hoc Committee on the Triple Revolution, “The Triple Revolution” (Santa Barbara, California: 1964). www.pa.msu.edu/people/mulhall/mist/Triple.html.

tive value of the local action itself and the characteristic value of action of the system as a whole. This latter value can not be determined mathematically “at the blackboard.” As Riemann says in the concluding sentence of his dissertation, it can not be determined in the department of mathematics, but in the department of physics. It must be measured experimentally, as Max Planck understood, and described his own work in addressing the challenge of Wien’s displacement principle.⁶²

In economics, the most significant macro-economic influence on determining the net productivity of production, is the level of development and maintenance of the basic economic infrastructure of the economy as a whole. In other words, on condition that we measure relative productivity, in hard, physical terms, rather than the soft, and usually misleading, financial-accounting terms, it is apparent, that two virtually identical enterprises, situated in respectively different national-economic infrastructures, will vary in their expressed net productivity, that according to the general characteristic implicit in the national-economic infrastructure.

This applies both to so-called hard infrastructure, and to the impact of quality of development and performance of education and health-care systems. For example, the existence or non-existence of a Classical humanist educational system, will have an enormous impact on the long-term rate of change of productivity of the national economy as a whole.

The Eurasian Land-Bridge

In retrospect, today, one of the most important, and technically successful long-range economic forecasts which I have made, was first uttered in mid-February 1983, in a Washington, D.C. hotel-room, during a continuation of back-channel negotiations between the Reagan Administration and the Soviet government. The subject of the negotiations was what President Reagan, a month later, announced as what he had named “A Strategic Defense Initiative.” During my February discussions, I had stated a two-part warning to the Soviet government, that: a.) if President Reagan were to adopt, and announce the policy of cooperation which I outlined, and b.) if the Soviet government were to reject that publicly announced offer, and pursue the Soviet alternative course indicated, the already fragile Soviet economy would be faced with a general political collapse within about five years.

As in the President’s words on March 23, 1983, what the President proposed, publicly, to the Soviet government then, had no similarity to the silly “High Frontier” proposals of my publicly self-avowed personal adversary, the Heritage Foundation’s double-dipping Lt.-Gen. (ret.) Daniel Graham, or to the folly proposed by the present Bush Administration.

A few months after that address, the Bush faction, the

Washington Post gang, and a corrupt element in the Justice Department had my role sidelined. In the meantime, I had stated publicly what I had said to the Soviet government in the February meeting. It took six years, not five, for the Warsaw Pact to begin crumbling. Such are the perils of even the most competent medium-range and long-range forecasting.

That, was not the end of the matter. I continued my proposed policy. On Oct. 12, 1988, Columbus Day, I delivered a press-conference statement in Berlin, in which I forecast the likelihood of, a.) the early collapse of the Warsaw Pact system, probably to begin in Poland, and, b.) the prospect of the early subsequent reunification of Germany, with Berlin designated to become, once again, the national capital. In the same statement delivered on that date, later rebroadcast in a nationally televised feature in the U.S.A., I indicated the policy which the next U.S. government should adopt in response to those developments.

The crack in Poland came as I had forecast its more immediate likelihood. A chain-reaction spread through eastern Europe, culminating in a fateful moment in Leipzig. So, that November and December, under heavy pressure from both Britain’s Prime Minister Margaret Thatcher and France’s President François Mitterrand, a foolish President George H.W. Bush, did almost exactly the opposite to what I had proposed. To his credit, or, perhaps that of U.S. Ambassador Vernon Walters, he did not block German reunification, as the savage Thatcher and Mitterrand had demanded, nor did he take steps to prevent Berlin’s designation as the future capital; but, typical of Bush as I have known him over about a quarter-century, about everything else he did in this matter, was terribly wrong.

I stuck to the policy I had promised in my Oct. 12, 1988 Berlin address. I defined what became known as the Paris-Vienna-Berlin Productive Triangle for rebuilding the combined economies of what had been western and eastern Europe; during 1991-1992, I proposed, and my associates elaborated what is now known as the Eurasian Land-Bridge policy.⁶³ It now appears, that a process now under way could make that Land-Bridge policy a reality. What it is important to stress, as an example of crucial value here, is the distinction between what is thought of merely as a “new Silk Road,” and a system of *economic-development corridors* criss-crossing continental Europe, including direct rail connections from the Eurasian mainland into Japan, and, also across the Bering Strait into the Americas.

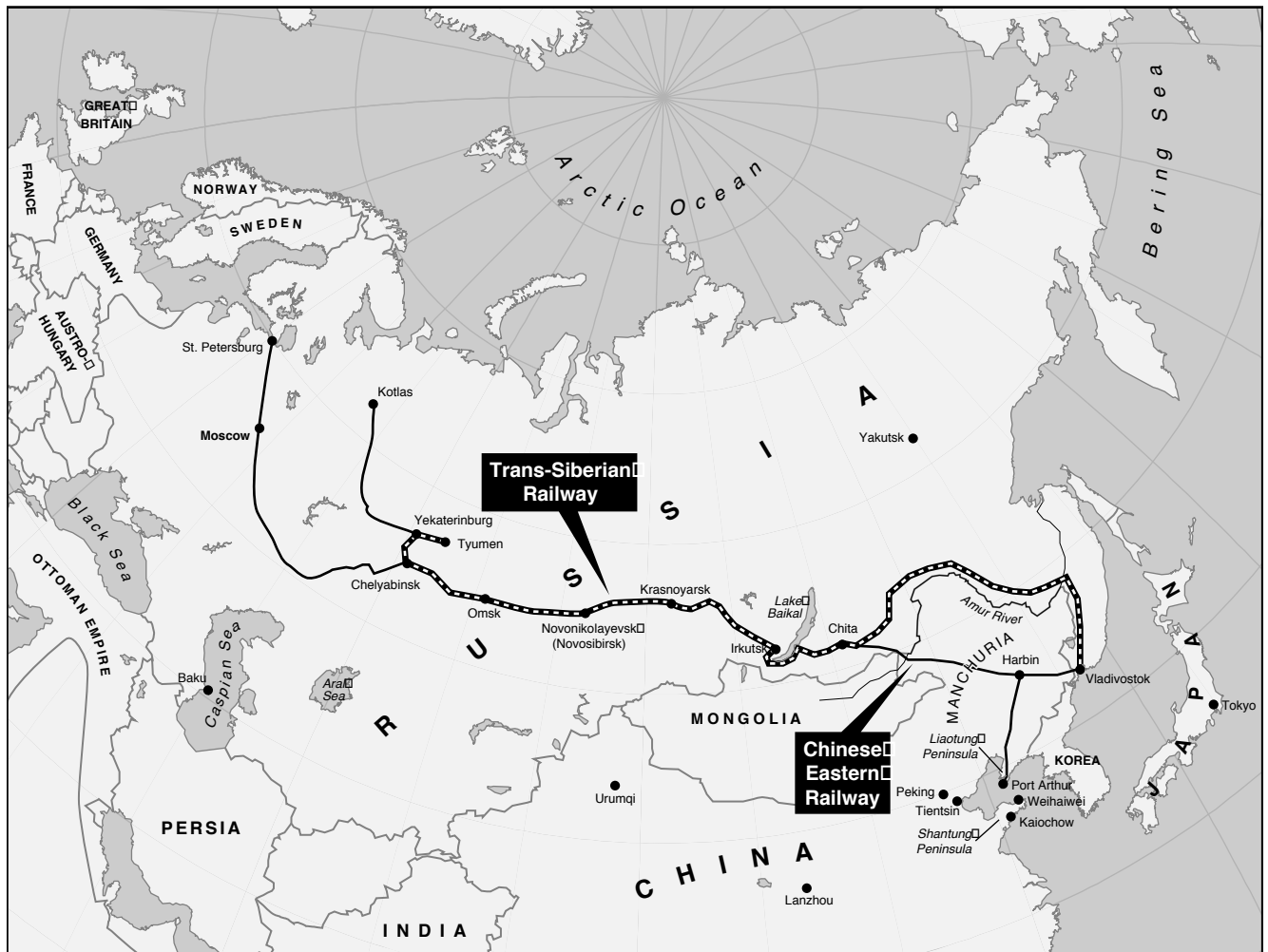
The intention of using transportation trunk-routes as “development corridors” originated, largely through the radiated influence of Leibniz, into the young United States. As Graham Lowry has documented crucial aspects of this history, the idea

62. Op. cit. Planck’s result has a significant parallel in Weber’s experimental demonstration of the existence, and microphysical value, of the Ampère “angular force” of electrodynamics.

63. Jonathan Tennenbaum et al., *The Eurasian Land-Bridge: The ‘New Silk Road’—Locomotive for Worldwide Economic Development* (Washington, D.C.: EIR News Service, Inc., January 1997).

FIGURE 1D

Route of the Trans-Siberian Railway and the Chinese Eastern Railway, 1890s



Dmitri Mendeleev's plans for the Trans-Siberian Railway had in mind the development, not simply of railway routes, but of development corridors, in the same general sense proposed by LaRouche for the Productive Triangle and Eurasian Land-Bridge (see Figure 2).

of using railways as development corridors, was an extension of the persisting impulse of the American patriots even during colonial times, to develop water and highway routes into the western regions. The development of the first general economic plan for railway development, is usually traced by historians to the work of the German-American economist Friedrich List.

This policy was carried forward into the form of the U.S. building of economic-development corridors across the U.S.A., as the transcontinental railway system. During and immediately following the Philadelphia Centennial celebration, Germany, Russia, and other nations adopted the success of the Lincoln-Carey 1861-1876 upsurge of the U.S. economy as the model for their own nations. Mendeleev's leading role, and the policies of Count Sergei Witte, typify the direct

U.S. influence behind the Trans-Siberian Railway. Studying some of the work of Mendeleev, shows that what he had in mind was the development, not of simply railway routes, but development corridors in the same general sense I have proposed in initiating both the Productive Triangle and Eurasian Land-Bridge policies.

My proposals, and the view which underlies my making them, are to be understood from the vantage-point of the Riemannian view of the mathematical-physical form of functional relationship between basic economic infrastructure and productivity of individual farms and industrial firms.

President Franklin Roosevelt mobilized the recovery of the U.S. economy from the Depression wreaked under Coolidge's reign, by foremost priority on public investment in basic economic infrastructure. The case of the Tennessee Val-

FIGURE 2

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



ley Authority typifies this in the simplest and clearest way. Roosevelt required nearly eight years of economic recovery measures dominated by infrastructure development, to produce the national economic machine capable of dealing with the war made virtually inevitable by the 1933-1934 consolidation of Adolf Hitler's dictatorship, a war which Roosevelt saw coming, no later than 1936, and for which he prepared the U.S. economy.

Today, in a ruined world, a world ruined by about thirty-five years of reigning folly among most of the world's nations, we can recover, but not easily: the ruin has been allowed to go on too long for quick fixes. We face, world-wide, an economic situation worse than that of the early 1930s, but it is a situation we can begin to master immediately, if we choose. Even if we have the sense to make the needed sweeping changes in international monetary, financial, and economic policies, the road upward will be a hard one. About a generation will pass before the world will reach the plateau we must reach, if civilization is to avoid a global demographic catastrophe.

There, as Shakespeare wrote, "is the rub." Are you, personally, willing to make those changes in your opinions, your outlook, your intentions, which most of us, at least,

must make, if we are to come safely out of the presently perilous situation now coming down upon the world as a whole? That is where the delusions really show themselves most clearly.

Are you willing to discontinue the goldfish-bowl syndrome of popular opinion until now? Are you going to continue to insist, "I don't go there," when you are asked to give up foolish beliefs such as "free trade," "new economy," "deregulation is here to stay," "you can't put the toothpaste back in the tube," or "no one I know is going to go for it," or, "you could be right, but since I have to go along, to get along, I have to oppose what you suggest"? Every man his own Shakespeare's tragedy of Hamlet!

If you were to visit some early New England graveyards, such as the famous one on Tremont Street in Boston, you would see some interesting comments inscribed on the tombstones. If our nation is buried, it could be that on our nation's tombstone, some witting craftsman would carve the following inscription: U.S.A. b. 1776, d. 2002. "It Had To Go Along, To Get Along."

Were that to happen, would we not be obliged to say, that the prevailing opinion of the U.S.A. today, is not merely a goldfish-bowl syndrome, but, that it was, frankly, insane?

China, Russia, Central Asia Union of Nations Expanding

by Mary Burdman

On June 14-15, the Presidents of six Eurasian nations held the founding summit of the Shanghai Cooperation Organization (SCO) in Shanghai, the greatest industrial and port city of China. This summit meeting, of China's Jiang Zemin, Russia's Vladimir Putin, Kazakhstan's Nursultan Nazarbayev, Kyrgyzstan's Askar Akayev, Tajikistan's Emomali Rakhmonov, and Uzbekistan's Islam Karimov, was a turning point in Eurasian and world affairs, and has far-reaching potential, in the coming period, to shift the global strategic situation.

The six leaders focussed on two issues: their nations' security and territorial integrity; and economic cooperation. They discussed at length the problems of founding a new multilateral organization aimed at creating a reasonable international political and economic order, and opening that organization to other nations.

These are not idle words. Since 1996, the original "Shanghai Five" nations, now joined by Uzbekistan, have moved rapidly forward, from a mechanism for addressing unresolved border issues, to a regional organization which deals with security, defense, economic, and foreign diplomacy issues, and is well aware of its real, and potential, political and economic capabilities.

This awareness was demonstrated when Russian President Putin went directly from the Shanghai summit to meet U.S. President George W. Bush in Slovenia June 16. Putin came to the meeting with Bush in a confident state of mind, bringing with him a letter to Bush from Jiang Zemin, expressing strong opposition to U.S. plans for missile defense. This joint diplomacy, opposing a policy which has been at the forefront of U.S. international relations, showed up, very clearly, the miscalculations and weaknesses of the policies of the Bush Administration, in its pretensions to conduct the U.S. as the sole "hyperpower" in the world.

The Russian-Chinese dynamic will continue, when, in

early July, Putin and Jiang Zemin meet in Moscow, to sign the new Sino-Russian Treaty on Good-Neighborly Friendship and Cooperation, to consolidate their relations in the new century, and in face of the tumultuous world situation ahead.

There is no question, that the nations which have formed the Shanghai Cooperation Organization face enormous internal and external challenges. Since the end of the Soviet Union, Russia has undergone an economic debacle. China, still a developing nation, must develop economic security for the world's largest population, 1.26 billion people. The Central Asian republics are poor, isolated, and face a dangerous Islamic fundamentalist insurgency, directed out of Afghanistan, and supported by certain disreputable Anglo-American intelligence networks. Lack of development of vital resources, especially water and transport, is putting serious constraints on all the nations of the SCO.

Yet, at the same time, their potential is incalculable. These countries comprise three-fifths of the Eurasian land-mass and have 25% of the world's population. Russia remains the only nation capable of posing a strategic threat to the United States. China is also a nuclear power. The Central Asia nations, with vast resources, lie at the crossroads of Eurasia, the center of the world's land and population.

The potential "outreach" of the SCO is even greater. Russia itself is also a European nation, a member of the Russian-Belarus union and the Commonwealth of Independent States. Uzbekistan is a member of the "GUUAM," which it joined in 1999, in the context of the 50th anniversary NATO summit in Washington. This association, which also includes Georgia, Ukraine, Azerbaijan, and Moldova, was certainly set up under Anglo-American auspices, to create a raw materials-oriented "Silk Road" *without Russia or China*. Now, not only has Uzbekistan consolidated its relations with China and Russia, but, just in June, Ukraine President Leonid Kuchma clarified

The Summits of the Shanghai Cooperation Organization



The summits of the presidents of the expanding “Shanghai 5” nations began in July, 1996. The just-completed sixth summit in Shanghai incorporated Uzbekistan to form the Shanghai Cooperation Organization (darkly shaded), including both military anti-terrorism agreements, and ambitious plans for cooperative economic development. Pakistan has asked to join, and other potential future members include India, Mongolia, Turkmenistan, and Iran.

publicly that the GUUAM is not an “anti-Russia” club.

Beyond this, SCO policy could be of great importance for the security of South Asia, especially India, and of the Korean peninsula. Pakistan has already requested to join. The accession of India is under discussion, and although this will not happen until the next summit, in Russia in Summer 2002, there is every indication that the world’s second most populous nation, and also a nuclear power, will then join the SCO. Mongolia, Turkmenistan, and Iran are all important potential members.

From Borders to World Affairs

China, Russia, Kazakstan, Kyrgyzstan, and Tajikistan share the longest land borders—over 7,000 kilometers—in the world, long stretches of which were still unresolved after the breakup of the Soviet Union in 1991. The nations held their first summit in April 1996 in Shanghai, and signed an agreement to enhance military trust along the borders. By

April 1997, the five nations met in Moscow and agreed to reduce military forces in the border areas. Yearly summits followed, the first in Almaty, where the leaders announced a common position on national security, against separatism and religious extremism. At the summits in Bishkek in 1999 and Dushanbe in 2000, the Shanghai Five planned joint action against terrorism, extremism, and separatism, and to create multilateral cooperation treaties and agreements. They also determined that, to meet their goals, it was necessary to expand and develop the Shanghai Five mechanism.

The security threat is very real: The most dangerous terrorist force in Eurasia is the “Afghansi” operation, which has long-time Anglo-American links. In the Summers of 1999 and 2000, the Islamic Movement of Uzbekistan (IMU) mounted serious campaigns in the central Fergana Valley, where Uzbekistan, Kyrgyzstan, and Tajikistan meet. Russian Chechnya and Chinese Xinjiang are also threatened by these forces.

Putin in Balkans Lays Down 'Anti-Owen Plan'

Russian President Vladimir Putin followed his June 16 meeting with President George Bush with an immediate and surprising visit to Belgrade, Yugoslavia, and then an unscheduled stop in Kosovo, where he visited Russian peace-keeping troops. The stop in the NATO protectorate of Kosovo, which is controlled by the Kosovo Liberation Army, could have been called "too dangerous" for the Russian President, but Putin made a point of going there from Belgrade, immediately after denouncing the KLA as the engine of the instability in the area, and also the NATO/UN push for the effective independence of Kosovo. Putin's "Kosovo mission" was a direct strike against the "New Berlin Congress" plan of Lord David Owen and Henry Kissinger, to redraw Balkan borders on strict racial-ethnic lines (see *EIR*, June 22, 2001).

In Belgrade on June 17, where he pledged continued Russian oil and other energy supplies to Yugoslavia, Putin presented a comprehensive Balkan plan based on cooperation among the area's countries and on the respect of their national borders and sovereignty. Putin warned that "the stability of the region is seriously endangered" by terror-

ism, and proposed a regional conference to reaffirm the inviolability of borders and the territorial integrity of these countries. The guarantor of the agreement would be the UN Security Council. Putin told Russian reporters, it would be "extremely dangerous and destructive" to discuss redrawing borders. Yugoslav President Vojislav Kostunica added, "This conference would once and for all put an end to the practice of attempts at redrawing state borders and the wars in the Balkans." A Macedonian source enthusiastically told *EIR*, that Putin's proposal "was the anti-Owen plan."

Putin laid great emphasis on relieving pressure on the Macedonian government "to meet the demands of extremists. Stability in the region is seriously threatened, above all from national religious extremism and intolerance, the main source of which today is in Kosovo. We must do everything to disarm the terrorists." The Yugoslav President added that, not only southern Serbia and Macedonia, but now also Greece, are threatened by Albanian KLA guerrillas seeking a "Greater Albania."

And on the same day that Putin made his proposal, Macedonia received a supply of weapons from Russia, including some of the most modern fighters and helicopter gunships, delivered after several acts of sabotage had held them up in Bulgaria. They give Macedonia a fighting chance: Its efforts to confront the logistically and technologically superior armaments of the KLA forces have been blocked by repeated interventions of "the international community."

More recently, the focus on economic cooperation has grown. At Dushanbe, Kyrgyz President Akayev proposed construction of a unified transportation network, and more rapid joint development of energy sources.

Now, these proposals are being activated. When the nations returned to Shanghai for this year's summit, they brought in Uzbekistan as a full member. The leaders signed the "Declaration of the Establishment of the 'Shanghai Cooperation Organization'" and the "Shanghai Covenant on Cracking Down on Terrorism, Separatism, and Extremism" on June 15. The Declaration stated that "the human race wants peace and development." The Shanghai Five nations "have demonstrated the enormous potential for countries with different civilization backgrounds and traditional cultures, to achieve coexistence in harmony and cooperation in unity, through mutual respect and mutual trust." Now, their policy is for "building a democratic, just, and rational international political and economic new order." There are to be yearly summits and regular meetings of the SCO heads of government. The Declaration especially commended the "Shanghai Spirit," of "mutual trust and respect for diverse civilizations, and quest for common development," as a "precious wealth"

for all the nations. This "will become the guiding principle for the mutual relationships between member countries of the Shanghai Cooperation Organization."

Association Will Further Expand

The SCO is an open organization. It "wants all forms of dialogue, exchange and cooperation with other countries and international and regional organizations," and will "admit other countries as new members." The nations give "special importance to safeguarding regional security," and are now committed to "draw up outlines for long-term multilateral economic and trade cooperation."

In his welcoming speech, Jiang Zemin stated that the great contribution of the Shanghai Five had been to initiate a new type of "cooperation security." Now, with the "deep-rooted contradictions for world peace and development" and growing threats of terrorism and separatism, "various countries and regions are accelerating their steps of regional cooperation, which is an important trend in the development of modern international relations." Establishing the SCO marks "an historic step" by the "six good neighbors," he said. The cooperation among the neighbors, has not only

increased their “happiness,” but also regional and world peace and stability.

The leaders also signed the Shanghai Covenant, which “laid the legal foundation for jointly cracking down on terrorism, separatism and extremism.” They agreed to speed up the creation of an anti-terrorism organization based in Bishkek. In 1999, the nations had set up the “Bishkek Group” of the heads of law-enforcement agencies and special services, to combat cross-border crimes. It will now have a permanent headquarters. In May, the CIS Collective Security Treaty states, of Russia, Kazakstan, Kyrgyzstan, Tajikistan, Belarus, and Armenia, set up a joint rapid-reaction force of 2,000 soldiers from Russia, Kazakstan, Kyrgyzstan, and Tajikistan, to meet separatist incursions. China has also agreed to send soldiers to its SCO neighbors at their request.

Kazakstan’s Nazarbayev said, “The threat facing Central Asia today is a threat facing the whole of Eurasia. The cradle of terrorism is Afghanistan.” Afghanistan, he later noted, is the source of 70% of the world’s heroin, and the drug trade is used to train and arm terrorists. The region of the SCO nations, he said, “has immense natural and human resources, as well as a huge potential for conflicts.”

The momentum of the SCO nations will continue. Nazarbayev said that the SCO must rebuild the Silk Road (the Eurasian transport land-bridges) and develop economic and trade relations. Cooperation must expand to humanistic and environmental security, a vital issue in the large region where three years of severe drought threatens both agricultural and industrial production. To expand economic relations, especially construction of transport infrastructure, Nazarbayev invited the member prime ministers to meet again in Almaty this September, on concrete long-term economic and trade cooperation for the period of 2001-2010.

Concretely, Kyrgyzstan’s Transport Minister Kubanychbek Dzjumaliyev announced on June 19 that, during the summit, he and his Chinese and Uzbek counterparts had signed a memorandum on construction of the long-proposed Shanghai to Paris rail line. This means building a rail link from Kashi in Chinese Xinjiang to Bishkek, through some of the highest mountains in the world. From the Fergana Valley (the common nexus of three of the Central Asian Republics), the rail line will ultimately be linked to Western Europe. Costs are high, between \$1-\$2.3 billion, and financing has yet to be finalized. However, Dzjumaliyev said, construction would begin now, on a concession basis. In addition, China is ready to launch, in July, construction of the Qinghai-Tibet Railway, which, eventually, would greatly expand the possibility of Chinese trade with South Asia, especially India.

Other meetings are on the agenda: SCO cultural ministers will meet in Beijing later this year, and disaster relief departments will meet in Russia in Spring 2002.

At Shanghai, the SCO defense and foreign ministers also met. The defense ministers issued a joint communiqué on June 14, calling the organization a “good example of a new kind of regional military cooperation.” In a clear response to

the Bush Administration’s frantic promotion of its “missile defense” program, the communiqué stated that the “Anti-Ballistic Missile (ABM) Treaty signed in 1972 is the cornerstone for global stability and an important condition for the disarmament process.” Also, Chinese Vice Foreign Minister Zhang Deguang announced on June 14 that “on missile defense,” the SCO nations “agreed it would have a negative impact on the safeguarding of world strategic balance and security.” Russian Foreign Minister Igor Ivanov confirmed that Russia and China have regularly consulted about U.S. missile defense plans and that their views “fully coincide.”

Russia-China Relation Is Central

The core of the SCO is the growing relationship between Russia and China. Putin and Jiang met on June 14, before the summit began, in the first of three meetings this year. In the meeting, Chinese Foreign Ministry spokesman Zhu Bangzao reported, “Putin reiterated Russia’s principle and stance on the missile defense issue. Jiang expressed the view that China will continue to support Russia’s efforts in maintaining global strategic stability.”

In an interview with Chinese press before the summit, Putin stressed their developing economic ties. Russian-Chinese trade has risen dramatically: In the first quarter this year, it was up 65.7% over a year ago, worth \$2.39 billion. While Russian military sales to China are a big factor, Russia also exported metals and chemicals, in exchange for consumer goods. In 2000, trade had already risen 40% to the highest level in the history of Soviet- and Russian-Chinese trade. Putin emphasized the two nations’ great potential for cooperation in energy, high technology, and space. Noting China’s rapid economic growth, Putin said that Russia’s leading task is to make the greatest efforts to raise its own rate of economic development.

After the SCO founding summit, Putin described the international importance of this regional association: “We are confident that the example of good relations among neighbors and a mutually advantageous partnership across the wide space from Europe to the Pacific Ocean, which the countries of the Shanghai Cooperation Organization are demonstrating, will be positively received by the world community.” The six nations’ leaders agreed to formally register the SCO’s status with the United Nations.

The six Presidents agreed that the second summit of the SCO will be held next Summer in Putin’s hometown, St. Petersburg—a special gesture to Putin, proposed by Jiang Zemin.

The potential that the new SCO represents in world strategic affairs, was perhaps best indicated by Putin’s statement as he left Shanghai to meet George Bush. The Russian President said that he wanted a “peaceful, predictable, and cooperative” relationship with the United States. China has given him strong backing for this, Putin said: “The Chinese leader also asked me to make it clear to Bush, about our positive relations with China as well, and that I will do.”

The Greatest Disaster Is The Greatest Opportunity

Lyndon LaRouche gave the following address in Warsaw to a meeting of the Schiller Institute Society of Poland, on May 24, during a visit there May 22-25. Subheads have been added. In addition to this meeting, his public events included an address in the Sejm (Parliament) and a seminar with scientists at the Warsaw Polytechnical Institute (EIR, June 8 and 15, 2001).

This is one of the greatest moments of opportunity in all modern history. It is, like most great moments in history, also a moment of great danger. At present, the dominant nation in the world, the United States, is led by a very unfortunate man, George Bush. Most of the world agrees that George Bush is a global disaster. What I have from friends in high places in Asia, what I hear from Russia, what I hear from Western Europe, even from my adversaries in England: This is a global disaster, this Presidency. But in the nature of things, sometimes the greatest disaster is the greatest opportunity.

The world is gripped at the present, by the worst, biggest financial crisis in all history, in all human existence. I have some reports from the United States on what is being said officially there. I can assure you, what is being said by the U.S. government is lies; it's not a mistake. It's a lie. Everybody in the United States who understands the situation at a high level agrees with me. The present world financial system is doomed, and nothing can save it. But, a financial system is not the world. A financial system is paper. It's imagination. If governments say the paper is no good, the paper is no good.

Let me give you a picture of how bad the situation is on the financial side. According to best estimates, official estimates, the Gross Domestic Product of all nations of the world combined is estimated at \$42 trillion equivalent. Of this, the United States represents an estimated \$11 trillion a year. In the past approximate 12 months, the United States' financial values have lost nearly \$11 trillion. On the books, what is admitted publicly, is, about \$6 trillion have been wiped out of financial assets of the United States during this period. Actually, there is another \$4 trillion or so, in hidden losses, which will come to the surface soon. The United States has been operating at a loss, as an economy, for a number of years. At my last actual count, late last year, the rate of the current account deficit of the United States was about \$600

billion a year. That is, the United States was spending \$600 billion more than it was earning on the world market.

In addition, the United States was being supported, not only by what it was not paying for, but the United States was receiving trillions of dollars of influx of foreign exchange into the United States for investment in the U.S. financial markets. So that, at present, any collapse of this inflow of money, from Japan, from Europe, and so forth, into the United States, means an absolute catastrophe for the U.S. financial markets.

Deflation and Hyperinflation Combined

For example, under tremendous threats, the Japanese government recently capitulated to U.S. demands to go back to what is called a zero-interest-rate overnight loan policy. What happens is, people in Japan, operating in Japan, will borrow yen at approximately 0% cost from Japan. The yen that are bought, are then exchanged for U.S. dollars, or euros, or other currencies. These dollars, borrowed dollars, then go into the U.S. market to add to speculation, financial speculation on the U.S. financial markets. In addition, the United States itself is printing money by monetary methods, very rapidly, in immense volumes. As a result, we have a situation worldwide, which, on the one hand, is extremely deflationary, because, as you know, here in Poland and elsewhere, there's a deflationary pressure due to unemployment and so forth, downward. We're in a depression, economically.

But we're also creating money, especially the United States, Japan, and so forth, at a hyperinflationary rate of money creation. And Japan, which is the second-largest monetary economy in the world, is, with the United States, the largest source of this hyperinflationary increase of monetary assets. As a result of this, there is an outbreak of significant hyperinflation in various parts of the world market.

For example, inside the United States, there is a hyperinflationary rate of increase of prices of energy. This is going to hit Europe hard. The cost of energy will rise. If you want to understand this historically, you go back to Germany in 1923. Germany, under the pressure of the French bayonets of occupation, was printing money to pay the so-called war reparations debt of Germany. Now you realize, if you look back at history, that the early 1920s was a deflationary period, a post-war deflationary period. So, therefore, the German



City center buildings and Cathedral of Warsaw in 1989, when Poland was breaking free of Communist rule and had not yet come under the IMF's disastrous economic dictate. In that year, Lyndon LaRouche (inset, speaking in Warsaw) first proposed East European reconstruction led by extending high-speed rail, energy, and communications corridors through Warsaw—the beginning of LaRouche's "Eurasian Land-Bridge" development concept. The Polish Schiller Institute has grown from the first discussions of that concept in Poland.

reichsmark, the German government, printing reichsmarks, to pay the debt, did not immediately show as an inflation in domestic German prices. But what was being done by the German government, was similar to what's being done by the U.S., and Japanese, and other governments today. They were printing money, to try to roll over an existing amount of debt. As a result, the debt grew. Therefore, the amount of money that had to be printed, to roll over the debt, grew.

Until the spring of 1923, the rate of commodity-price inflation inside Germany was limited. But, the condition was reached at the end of Spring 1923, at which the amount of money that had to be printed to roll over the existing debt, was greater than the amount of debt they were rolling over. From July to November of 1923, a hyperinflationary spiral reached the point that the German reichsmark ceased to exist. We are now, on a world scale—not in one country, such as Germany 1923, but on a world scale—we're in that kind of world situation.

The total amount of financial debt in the system, worldwide, is, conservatively, not less than \$400 trillion. Remember, this is against a world economy whose Gross Domestic Product is estimated at an equivalent of \$41 trillion a year. In a condition in which the amount of money that has to be printed, to keep this debt afloat, is greater than the amount they're trying to roll over. So you have a situation which is comparable to the famous John Law bubble of the early 18th Century. This is worse, but it's the same logic.

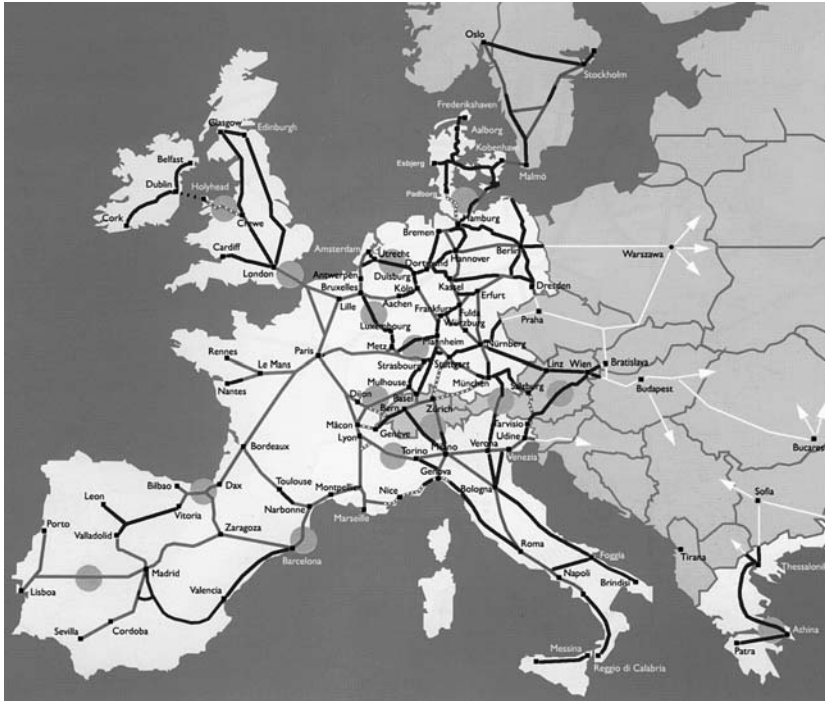
There's only one way that you can safely deal with this kind of problem. It would be called global financial bankruptcy reorganization. This is not a strange thing in history. There have been extensive financial reorganizations of entire currencies and economies before. It happened at the end of the last war. Currencies were worthless. The franc was worthless, the mark was worthless. So, governments agreed to create a reorganization of the finances of countries, and new currencies were created.

The Common Good, or 'My Money'

All right, we have two problems, therefore, in dealing with this. We are now in a period where people do not believe in the economy any more, they believe in money. The people of the United States, the majority of the population of the United States, is fascinated with money. They destroy the economy for the sake of money! So, we are killing the forces of production and the creation of wealth, for the sake of money. The dominant political circles in the world are obsessed with money. They don't care about the economy—they care about their money! Like the people in the John Law bubble in France in the early 18th Century. They say, no matter what happens, *my money* must be protected. They are willing to destroy whole nations, kill whole sections of the world population, for the sake of *their money*.

Now, how do we approach this problem? What is the principle by which we put the financial system through bank-

1994: European Union Projects



LaRouche's land-bridge concept was strongly mirrored in the transport corridor plans of the European Union in 1993-94, with two modern transport corridors projected into Poland. But, the most urgent have not been funded or developed.

ruptcy reorganization, in order to have a functioning economy?

Well, there's a principle in European civilization which covers this. It is called, traditionally, the Common Good. It is, otherwise, called the General Welfare.

In a bankruptcy, under moral law, under natural law, in the case of a bankruptcy of nations, or international systems, you have three parties in the bankruptcy reorganization. You have the creditors. You have the debtors—they're not very important. Then you have the important party—the Common Good. What do we have now? Take Russia, take Poland, take any part of Europe. What do we have?

Let's accept the fact that everybody is bankrupt. Let's forget the money for a minute. Think about: What should our objectives be? We have certain institutions which are essential for the functioning of nations and peoples. The farmers must farm. The manufacturers must manufacture. The public utilities must function. Banks must exist and function. The institutions of government must exist and function. Therefore, nations must use the principle of sovereignty to say, we will sort out this bankruptcy, and the priority is first to keep the economy functioning and growing, and we will judge, in a proper way, how much to reduce the value of financial claims.

Now, this is an old problem in society. Until certain developments in Europe, every form of society was based on the

overlordship of the people of society, by a small group of oligarchs. The oligarchs with their trusted lackeys, treated the rest of the population, as human cattle. And the greatest contribution of European civilization, to that, came out of the Classical Greek tradition. In part, as an example, is the famous poem of Solon of Athens. The other thing was the development of Christianity, and particularly as developed in the Epistles of the Apostle Paul. Out of which we got a concept, which originally was Greek, which was given in European civilization, a Christian form, which was called in Greek, *agapē*. That is the law. That is natural law.

Therefore, we say that, in a crisis, the obligation, is the obligation to serve the Common Good. This is not merely fairness in a dispute. This is the function of wiser men in society to lead society, to understand that what we must protect is not *merely* the rights of the living, we must protect the process of development upon which the continuation and betterment of society depend.

Now, appropriate at this time, beginning with John Paul II, with a statement on the subject of Sir Thomas More, in dealing

with the subject of the globalization, in a great heroic mission to Greece, the mission to Syria, and with statements made on various occasions then, and later, has launched a great intervention into the condition of mankind as a whole, for an ecumenical coming together of peoples, around the principle of the Common Good. The only thing that can save us, from the chaos and dark age which this financial crisis threatens to bring about, is to have a great reform done according to the principle of the Common Good.

The Great Opportunity

Now, look at this from the standpoint of the opportunity for great results. The great center of humanity is the continent of Eurasia, which reaches from the Atlantic to the Pacific. This is a very interesting continent, apart from the fact that you live on it. We have two great parts of this continent. We have Europe, which includes much of Russia. Then, we have, at the other end, we have Japan, China, and so forth, East Asia, and South Asia. In between, we have a semi-desert. In Central Asia, and in the north, to the tundra on the Pacific Ocean, this is an area with vast natural resources. We presently do not have the means to properly develop those resources. But, on both sides of this division, between Europe on the one side, and East and South Asia on the other, we have a meeting of two general parts of humanity. We have European civilization, and we have a different kind of cultural



Instead of development of the real economy, Poles got the IMF's "my money" economy instead, reflected in a brief "consumer boom" for a small segment of society during the 1990s. "Free market" meant flea market, as here in the Warsaw city center in 1995.

history on the other side, in East Asia and South Asia.

It should be obvious to us that we have a great mission before us because of these conditions. We need to bring together a great ecumenical effort, a great cultural meeting between European civilization, and East and Southeast Asian culture. If we can bring together that kind of cooperation, we shall have brought into being a new condition on this planet, a great opportunity. We will develop, if we succeed, the means to give justice to the continent of Africa, which is now suffering genocide and other injustice. We can revive the world as a whole.

Now, the other side is interesting, the practical economic side of this is interesting. Europe used to be, with the United States, a fountain of high technology. It was essentially a product of a revolutionary development in the 15th Century in Europe called the Golden Renaissance. Through this technology and science and so forth, we have been able to increase the potential productivity of mankind and to increase the quality of life of mankind. Europe as such, the core of Europe, Japan, for example, had developed—as well as the United States—has developed areas of great potential for developing the kinds of technology which are required by other parts of the world.

Look at, for example, two nations in East and South Asia: China and India. China has the world's largest population. India has a population which will reach over a billion very soon. India has some high technology, but it also has a vaster army of greatly poor. China has developed high-technology capabilities, but the future of the Chinese population depends upon the development of the inland areas, and the desert areas, and the mountainous areas. So, these are countries which have some high-technology capability, but not enough to meet the

needs of their populations as a whole. Therefore, if we're going to reorganize the world's financial and economic system, what we would wish to do is take the areas which formerly have produced high technology, as in the United States, and Western Europe, and Japan, and increase our production of technology in cooperation with parts of the world that need this technology. This will require a long-term credit system, generally reaching to periods of 25 to 35 years, in other words, a generation. This means interest rates, simple interest rates, in the order of 1%, in long-term agreements, especially in infrastructure development and in new technologies.

To deliver those technologies, we shall not generally do it by sea. If we build development corridors, corridors of approximately 100 km width across Eurasia, especially Central Asia, then we will create a situation, which, with the use of magnetic-levitation transport, we will transport freight from Rotterdam to Tokyo, at speeds of up to 300 km per hour. The result will be that, since we are doing it across land, and since every few kilometers of land area is developing new wealth, the net cost of shipping a ton of goods from Rotterdam to Tokyo will be less than zero. And it will go at speeds of up to 300 km per hour. Why? Because, when you transport across a development corridor, the use of that development corridor increases the production of wealth along the way. Therefore, you are actually generating wealth by transporting it. There was a time in Poland, where the idea of developing transportation systems in this way—admittedly, at that time, railroad—was an idea. It's still an idea. It can be revived in the modern form. Poland, for example, could play an important part in contributing to the development of such corridors.

So therefore, what we would do, is transform an area,



Keep fighting until we win “is an old Polish custom. That’s why Poland exists.” Thaddeus Kosciuszko, the most world-famed of Polish national liberation fighters, led the uprising of 1794 against Russian rule, and was a key collaborator of Gen. George Washington in winning the American revolution.

which is not exactly fruitful for human habitation, including Central Asia, and even the tundra areas of North Asia, will become areas in which the natural resources which lie in those areas, would now become economically accessible to the nations as a whole.

So, this is the potential of a great unifying project in Eurasia, which is of benefit to the world as a whole. What we have to do, to do this, is very simple: I will never tell people to count on a plan. Never rely upon a plan. A plan is no better than the intention which moves it. In physical science, we call an intention a physical principle. We must have in Eurasia, the *intention* to do this. Then we will recognize that we have the *ability* to do this. And that we will do it. Without the intention, we won’t do it.

Great Decisions in Times of Great Crisis

Now, we’re in a situation where we have no choice. The system is collapsing, the financial system. We need a new system. We have to correct errors that we’ve made, that led us into this mess. You have in Poland an agricultural problem. You have great pockets of miserable unemployment in Poland, for example. This kind of rearrangement will create the opportunity for Poland itself to attack these internal problems.

What you need is a project which is going to contribute growth opportunities and technological opportunities, combined, and then use them to make the changes which you otherwise could not make.

Now, another point, on this same thing: Such decisions are made only in times of great crisis. So far in history, only a small percentile of the population rises above living, pretty much, from day to day. Most people do not realize what it is to be human. They make themselves little people. They don’t realize—they know they’re going to die—but they don’t understand what that means. They don’t really think about the purpose of their living, of what their life will mean after they’re dead. So, they become prisoners of their own passions, their own desires, their own desire for security and advantage in the short term.

In former times, good societies would be good because parents would sacrifice for their children and grandchildren. They would rise to a higher sense of purpose in their lives, in the sense of what they were doing for their grandchildren. European society has become a hedonistic society, which is concerned with its material pleasures, individual pleasures in the short run, not with families in the long run, or any other long-term purpose. So this hedonism, combined with a lack of sense of purpose, the substitution of *money* for other conceptions of interest, has made the populations very little people, concerned about the next five minutes, the next day, the next two days, the next small interest.

You see it in politics, political behavior, political parties and voters. Do they ask about what is the future of mankind? What is the future of the nation? They’re not afraid of things that are really important. They’re not afraid of things that should be important to them. The most terrible thing, is to die in the sense that your life is a useless life. If you go through life looking only for pleasure and satisfaction and security, and then you die. And you do everything for the sake of what you call your self-interest. You don’t look at yourself from the future, looking back, and saying, “Was this a life worth living?” See, in former times, we had a substitute for this, in family.

Think, in the case of Poland for example, how many revolutions have the Polish people fought in the struggle for independence? Why did those fighters who died for that, do that? As instinct, like animals? No. They fought to save the people and the nation. They were willing to sacrifice their lives. Without that, since the Mongol invasion, there would have been no Poland, and when you think of the people who did that—and you know many of them, and many of you were those people, in former times, the last Hitler period, and dealing with the recent regime here—it meant something. The life of the person who took the risk of doing that: It meant something to take that risk. How many people today would stand up to the same challenge?

So therefore, a great crisis is an advantage, in that it forces us, and forces the little people to pay attention to what some of their leaders have been telling them. Great tribulations

sometimes come as a blessing, if there are prophets to awaken the people to what their true interest is.

Crisis Gives Poland ‘Permission’ to Act

Now, just in conclusion, let me sum up what the world situation is, and what I think our prospects are.

As I’ve said repeatedly, there are only three national cultures on this planet today, which think in true, global terms, that is, think about the consequences of a policy for the world as a whole. One is the British monarchy; they think global, they think imperial. They imagine their thoughts can determine the fate of mankind throughout the planet. Another one is the Russian nation, the Russian culture. Russia still thinks of itself as a world power, politically. That is a Russian characteristic, which has come to the surface around President Vladimir Putin. The other is the United States. We’ve never been defeated, never conquered. We have a sense of being powerful. Most of my fellow citizens don’t even know what that means, but they feel it. They don’t know there’s anything outside the United States, but they know whatever it is, we’re supposed to rule it. It’s different. China does not see itself as a world nation; it sees itself as nation in the world. So, also Europe: Europe has been conquered so many times, especially in the last century, occupied so many times in the last century, that Europeans no longer think they can make their own decisions about their own national policy.

There are some people here, in this room, [who wish] for Poland to make its own policy. But it must ask for permission from the IMF, from the European Union: You want schools here for your children? You have to get permission from the European Union. You want to have a currency? You have to get permission from the IMF. So, our problem is—I’ve discussed in general terms—there is a solution for this mess: Put the thing through bankruptcy reorganization, what we call the Chapter 11 principle in the United States; adopt a new policy of reconstruction, centered on the idea of developing cooperation in Eurasia; develop the great cultural dialogue between Europe and East and South Asia; and do this with the idea that this is the way to organize a benefit for the entire world. That is consistent with what we call the Common Good. That’s consistent with what John Paul II has called the Common Good. Therefore, we should do it.

Where do we get the permission to do it? Very simply. The United States is in a crisis. Every banking system in the United States is hopelessly bankrupt. The banking systems of Western Europe are hopelessly bankrupt. The “New Economy” that never existed, is going away. The debts are greater than could ever be paid. So therefore, we need a reorganization of the world financial system. We need a great mission. We need to bring in the great power of a partnership among nations to do these things. So, we have to have a conception of what we would do, if we had the power, and we have to get the power at the same time.

What I said at the beginning, now applies. All of East and South Asia is now in a state of revolt against the IMF. What

has been done to Japan, what has been done to Korea, what has been done to Indonesia, what has been done to Southeast Asia, what has been done to the Philippines, is a crime against humanity. All of these nations which have depended upon exports, largely into the United States and Europe, are now going to lose their export markets. For example, China must expect to lose *half* of its export market, this year. Not next year, not down the line. This year. Mexico is collapsing: Eighty percent of Mexico’s imports go to the United States. Most of this is virtually slave labor. This export market in the United States is now collapsing. Africa is suffering genocide, intentional genocide.

So, in these conditions—now Europe is in a revolt against Bush. All the leading circles say this Bush Administration is almost like Hitler, or maybe worse. Leading circles in England, which used to be Thatcherites, are looking at this thing in the United States, and saying, this is clinically insane! We have an increasing revolt in the United States, which I am helping to lead. The people of the United States are beginning to move in revolt against these conditions. The Bush Administration is incapable of doing anything sane, or even effective. It is headed for an increasing crisis; nothing can prevent that. It’s like an insane elephant: It still has the ability to do damage, but it’s insane, and it’s doomed.

So, there are certain things that will be done, and can be done inside the United States. The Europeans need a Eurasian cooperation. Western Europe can not survive without an expansion in cooperation with Asia. Italy understands that; Japan understands that; the French understand that. So, the potential for what must be done, in a negative sense, exists.

And, in the meantime, what do we do? Well, I’m an old fighter. I’m impatiently patient. I’ll continue the fight. I will not complain if we don’t win tomorrow morning. I’m determined we’re going to win the war, though. I can’t tell you what day. I can’t promise. I can tell you *how* we’re going to win the war, though. I can tell you to stay at it until we win. That, of course, is an old Polish custom. That’s why Poland exists.

So therefore, what we need are the clear ideas. We need the ideas that we would want to have from the prophets. We must work for those ideas in whatever way we can, day by day. We must be prudent, but bold at the same time. We must be bold, above all, in the area of ideas. And we must see ourselves as merely a part of humanity which has been on this planet for a long time. And we must look at ourselves as this part of humanity as God looks at this part of humanity. We must say: What does God say our mission is for existing in our time? And we must accept that responsibility with joy. I think we can win soon. The main thing is to have a fraternity among us, among nations, and share with John Paul II, the idea which is expressing itself in action now. God looks at us in our time. What is our mission in our time? Let that be our joy.

Thank you.

Fascist Race Law Passes in Australia

Her Majesty's Privy Council has rammed through a law whose main purpose is to silence LaRouche in Australia.

Under cover of legislating to outlaw "racial vilification," a fascist law has been passed in the state of Victoria, targeted squarely at the Citizens Electoral Council (CEC), the Victoria-based associates of 2004 U.S. Presidential pre-candidate Lyndon H. LaRouche, Jr. The Racial and Religious Tolerance Bill was passed by the Victorian Legislative Council (Victoria's upper house) on June 14, by a vote of 32-9, following its earlier passage by the lower house.

In a June 19 statement (see below), entitled "Australia and Hitler's Dictatorship," Mr. LaRouche excoriated the bill as an intent to violate human rights, and as legislation of the same character as the February 1934 decrees which first established the Nazi government as a dictatorship.

The bill passed only after fierce, almost unprecedented parliamentary debate, which was not reflected in the final votes; most of some 5,500 official submissions opposed it, and at least 10,000 citizens wrote letters of protest.

The bill decrees: 1) that a person is not allowed "to engage in conduct that incites hatred against, serious contempt for, or revulsion or severe ridicule of, that other person or class of persons," an intentionally vague, subjective clause which is capable of being interpreted as desired, while motive is specifically defined as "irrelevant"; 2) fines of \$6,000 for individuals, and \$30,000 for organizations, and jail sentences of up to six months, for such purely arbitrary "violations"; 3) that employers will be liable for their employees, and may be fined and imprisoned along with them; 4) that a "representative body" may file charges on behalf of someone else—which grants the bill's architects, the Anti-Defamation Commission of B'nai B'rith (ADC), the right to terrorize whomever they choose; 5) that the "offense" can occur inside or outside of Victoria; and 6) that authorities may use search warrants, including breaking down doors, to enforce the new law.

The search and seizure provision is particularly draconian, given that search warrants are used only for the most serious, indictable offenses. It was sneaked into the bill, after

Australia and Hitler's Dictatorship

by Lyndon H. LaRouche, Jr.

June 19, 2001

I speak from my official status as a registered pre-candidate for the U.S. Democratic Party's 2004 Presidential nomination.

What is fairly called Australia's "Murdoch press," and that press's accomplices, continue to aggravate their reckless disregard for both elementary decency and truth. It is much worse than that. If we take into account both the intent expressed by the conduct of the offending portion of the "Goebbels press"-like Australia mass media, and the legislation that crew has just sponsored, that legislation is: 1) an intent to violate human rights; and 2) legislation in the same character of law as the February 1933 decrees which first established the Nazi government as a dictatorship.

The style of these offensive actions is also relevant to the charges against the perpetrators of that mass-media

conduct and legislation. First, the form of the legislation enacted is in keeping with the conceptions of law, crafted by the notorious Carl Schmitt, which were invoked, with Schmitt's approval, to establish the Nazi regime as a dictatorship. Second, considering the increasingly active role which the government of Australia is playing in the ongoing efforts of certain financier interests to dismember and pillage Indonesia, and who knows what beyond that, the adducible intention of the promoters of the disgusting statute in question is properly a matter of international concern.

I would hope that saner elements within the population and relevant institutions of Australia, would act in their own interests, to uproot and destroy this ugly legislation and the clear intention which the leading sponsors of the legislation have expressed so nakedly, and with what utterly reckless contempt for readily available truth.



Carl Schmitt

a storm of protest forced Victorian Premier Steve Bracks to pledge to amend it. However, Bracks, who is in the ADC's pocket, in fact made it much worse. Peter Ryan, the leader of the National Party, the only party to oppose the law, commented: "It is like using a sledgehammer to crack a walnut."

Aimed at LaRouche Co-Thinkers

That "walnut" is the CEC. The bill has been accompanied by a malicious nationwide slander campaign against the CEC, orchestrated by the ADC, which is a front for Queen Elizabeth's Privy Council, the ruling body of the British Commonwealth. Three members of the Privy Council dominate the ADC's Advisory Board: former Governors-General Sir Zelman Cowen and Sir Ninian Stephen, and former Prime Minister Malcolm Fraser. In a June 2000 submission on the bill, the ADC listed the CEC alongside the Ku Klux Klan and other white supremacist organizations, as one of 14 "organized racist groups" to which the bill should apply. Trying to whip up a lynch mob against the CEC, later ADC submissions and media appearances featured concocted, fraudulent "quotes" from LaRouche, in which he is made to appear to be denigrating blacks, Chinese, Jews, Irish-Americans and other minority or ethnic groups. The ADC has repeatedly attacked LaRouche as a "racist, anti-Semitic cult leader."

The anti-LaRouche campaign, in which Rupert Murdoch's media took a leading role (see *EIR*, June 22, 2001), reached a fever-pitch in the week before the bill was passed, and has continued unabated since.

In part, the Crown-dominated establishment, with the ADC taking the point, was scrambling to head off an intense CEC-led mobilization against the bill, which was so effective that one MP reported, "This office has received a record number of responses." The actual parliamentary debate was dominated by references to the CEC, and at one stage, the debate ground to a halt, as hysterical Liberal Party members interjected repeatedly to stop a CEC press release being read into the public record. The release quoted an angry Liberal MP blasting the bill as the work of the "top end of town," and questioned whether a \$200,000 donation from the Liberal Party's biggest donor, ADC-associated billionaire Richard Pratt, was the reason the party sold out and supported the bill.

The real motive for the Privy Council's ADC-run campaign against LaRouche, was revealed on ABC Radio National on June 20, when an ADC spokesman launched an attack on Australian MPs who had endorsed LaRouche's New Bretton Woods policy. "It is one of his economic policies to save the world from the Jewish bankers who are supposedly trying to subjugate the world," the ADC hack lied. In reality, the Anglo-American establishment is terrified of Presidential candidate LaRouche's growing influence worldwide, as the world plunges toward a global financial collapse.

Argentine Devaluation Warns of a Debt Blowout

by Cynthia R. Rush

Late on the afternoon of Friday, June 15, Argentine Finance Minister Domingo Cavallo rattled the international financial community by announcing a "partial" devaluation of the peso, claiming this was a way to stimulate exports by establishing a different exchange rate for foreign trade only, and making Argentine exports "more competitive."

This was *not*, he adamantly stated, echoed by President Fernando de la Rúa at his side, a full-fledged devaluation. The existing "convertibility" system, based on a one-to-one dollar-peso peg—really the old British currency board system—which Cavallo personally instituted in 1991 as Finance Minister in the Carlos Menem government, would remain in place for all other economic sectors, Cavallo insisted. The new exchange rate of 1.08 pesos to the dollar "for trade only," a devaluation of about 8%, would be pegged to an average value of the dollar and the euro.

Let's look at the real story. Cavallo's "partial" devaluation confirms *EIR*'s evaluation that Argentina, like Ibero-America's two other big economies—Brazil and Mexico—is blowing apart financially, despite the array of International Monetary Fund (IMF) bailouts, debt swaps, and other criminal schemes applied over the past year, in an attempt to hold it together. The world financial crash is on.

With over \$900 billion in debt obligations combined, these three nations cannot extract enough value out of their economies, fast enough, to pay their debts. Their economies have been too cannibalized. The effect on the world financial system of a debt blowout of this magnitude would be incalculable—not to mention what it would do to the United States, many of whose banks and corporations hold large amounts of Ibero-American debt.

Of the three, Argentina is falling apart the fastest. It is de facto in default. The pathetic de la Rúa government is non-existent. The physical economy is destroyed, as is the once highly skilled labor force. This is seen in the dramatic increase in poverty, 15% official unemployment rate, and growing social upheaval. Industrial production dropped by 2.8% in May, compared to the same month one year ago. Auto production dropped 21.3% between January and May, while auto sales for the same period plummeted an incredible 54.8%. Supermarket sales dropped by 1.2% in the same timeframe.

None of the financial schemes devised to forestall default

on the country's \$212 billion real foreign debt, have worked, for the simple reason they are all based on further looting of a bankrupt economy. The highly publicized \$39.7 billion IMF bailout in December 2000 was supposed to provide the economy with "financial armor," at least until the long-awaited "recovery" could take off. Lawfully, the austerity conditionalities attached to the bailout, imposed on the wreckage of the economy (many of Argentina's provinces are barely surviving) exacerbated the crisis. Tax revenues dropped and the fiscal deficit rose, forcing the government to negotiate a new agreement with the Fund after only a few months.

In March 2001, default loomed again. Named Finance Minister, Cavallo, with his friend David Mulford of *Crédit Suisse-First Boston* and other Wall Street banks, orchestrated a \$30 billion debt swap, again described as a way to give Argentina breathing room "to grow" its way out of the crisis, and convince foreign investors of its creditworthiness. But the deal's usurious terms—the bonds were swapped at an average interest rate of 15.3%, compared to the 7% average rate on the original bonds—mean that over the 30-year life of the swap, Argentina will actually pay \$52 billion *more* in interests, than it would have otherwise! Growth? Of the cancer; death for the patient.

Remember Barings Bank

As if this robbery weren't enough, Cavallo added a further outrageous element, deciding to hand over an additional \$140 million in commissions to the seven, largely foreign banks which organized the swap. This is supposedly to cover their administrative costs as "intermediaries," although in many cases, this involved nothing more than the banks swapping bonds already in their own portfolios: "intermediaries" to themselves!

Addressing this robbery, Peronist congressman Mario Cafiero has already suggested that the deal could be illegal. Cafiero, who headed up the bicameral Jubilee 2000 commission which investigated Argentina's foreign debt in 1999, warned in a *Clarín* op-ed on June 11, that the swap could violate Article 65 of Argentina's Financial Administration Law 24,156. It states that a debt swap can only be authorized, if the new debt is contracted on more favorable terms than the old.

Peronist legislator Juan Labaké, and his *Foro de Argentinos*, took this further by filing charges on June 14 against Cavallo and Finance Secretary Daniel Marx, for abuse of authority, violating the duties of public officials, and illicit enrichment. As a precedent for the swap, the suit points to the usurious terms of the £1 million loan to Argentina by Barings Bank of England in 1824, which is notorious in the country's history.

At that time, after commissions were paid to "intermediaries," to Barings itself, and other deductions made for amortization and interest, the loan was reduced by almost half (£560,000), and handed over in small pieces over a long pe-

riod of time, while Argentines endured austerity and unemployment to insure the loan's repayment, made only in 1904—after having paid *eight times* its original value. Arguing that only Congress—not Domingo Cavallo or Daniel Marx—has authority to carry out such a swap or to pay commissions, the suit calls for the federal court to issue a restraining order, to halt the swap, and payment of commissions to the seven "intermediary" banks.

Let the Suckers Take the Fall

Cavallo's "partial" devaluation, a desperate ploy to quickly generate some foreign exchange, served the purpose for which he intended it. He signaled his friends in London and on Wall Street that the big devaluation is coming, and they'd better get out now, before they lose their shirts.

On June 18, when foreign markets opened up again following the June 15 announcement, the crash of Argentine bonds, and the rapid rise in the country risk rate—the interest points, above U.S. Treasury note rates, which Argentina pays to borrow—confirmed that Cavallo's message had been received. The domestic stock market fell 5.1% on June 19. Despite the Finance Minister's protestations that "the markets didn't understand my measures," the comment of a Dresdner Bank executive in New York to the daily *Página 12*, was to the point: "For the market, Argentina devalued on Friday [June 15]. The change in the exchange rate wasn't made as a fiscal measure, but as the beginning of the end of convertibility."

Cavallo's announcement had immediate repercussions throughout Ibero-America, as the currencies of Brazil, Mexico, Chile, Uruguay, and Colombia all fell, on fears of a broader Argentine devaluation. Also badly hit was the stock of two Spanish banks which have up to 8% of their assets in Argentina: Banco Santander Central Hispano (BSCH), and Banco Bilbao Vizcaya Argentaria (BBVA).

Brazil's crisis, where the currency, the real, has declined by close to 25% this year alone, is the most dicey, because a combination of negative factors makes a blowout of its official debt obligations of \$243 billion (the largest in the world) very likely—and that could bring down the whole house of cards. As the real continues to devalue, it also causes the government's domestic debt, one quarter of which is denominated in dollars, to soar. Add to this the economic impact of the current energy crisis on national industry—rationing may now extend into next year—and Brazil's ability to service its debt, is immediately called into question.

Mexico is not far behind. The Argentine devaluation shook its markets and currency as well. But the real issue is the collapse of the "importer of last resort"—the U.S.—which has led Mexican manufacturing to lay off about a half-million workers this year. Its real foreign debt is \$217 billion, and in order to be "more competitive," desperate Mexican exporters are now calling for about a 40% devaluation of the peso.

Israel's Sharon Accused As War Criminal

by Dean Andromidas

Europe was publicly and harshly reminded on June 17, of how Israeli Prime Minister Ariel Sharon earned the name “the Butcher of Lebanon.” BBC television’s “Panorama” program aired a devastating documentary, “The Accused,” detailing Sharon’s central role in the infamous massacre of Palestinians in the Sabra and Shatila refugee camps in Lebanon, during the 1982 Israeli-Lebanese war. The program made clear that Sharon could be brought before a international tribunal to be tried as a “Class A” war criminal.

On June 18, twenty-three Palestinian survivors of that massacre presented an investigative judge in Belgium with charges against Sharon for war crimes. Under Belgian law, which allows for plaintiffs of any nation to present such cases in a Belgian court, the judge will now open his own official investigation, which could end with a war crimes indictment of Sharon.

These events are part of a growing uproar internationally, particularly in Europe, against the policies of Sharon’s government. The countries of the European Union (EU) and Russia are convinced that if Sharon is not stopped, he will force the Middle East into a war, with catastrophic consequences for the entire world. The “Panorama” program and the Belgian investigation in themselves will not stop Sharon, but they will, nonetheless, seriously hinder his hopes to win the propaganda war to convince the world that his government is only defending itself against Palestinian Authority President Yasser Arafat, the “terrorist.”

The BBC Accuses

“Panorama” vividly recounts the bloody events of early Autumn 1982, when then-Defense Minister Sharon authorized his allies, the Lebanese Phalangist militias, to enter the Sabra and Shatila refugee camps, which culminated in the slaughter of 800 men, women, and children. The United Nations put the figure at 1,500, and a later investigation by the International Red Cross put the death toll at 2,750. These victims were civilians, noncombatants in the civil war that had raged in Lebanon, or against the invading Israeli forces. Most of the victims — old men, women, and children — were not shot, but were tortured to death, the bodies mutilated in one of the worst massacres since World War II.

“Panorama” also demonstrated that Sharon has broken signed agreements, promises made to the President of the United States, and is a prolific liar — a fact that Washington

policy circles should take careful note of, if they still entertain any illusions that Sharon is a “partner for peace.”

The BBC account falls short in one important respect, failing to identify Sharon’s intention in invading Lebanon. It was not simply to force the Palestine Liberation Organization (PLO) out of Lebanon, but to establish a puppet regime in Beirut and to proceed to attack Damascus, Syria; if that were not stopped, to march on Baghdad, Iraq; and, at the same time, to implement his “Jordan is Palestine policy,” to push all the Palestinians of the West Bank into the Kingdom of Jordan. Despite the fact that there was a political consensus in Israel and within the Reagan Administration for such a policy, Sharon used all his powers of deceit and manipulation to implement his grand scheme. In fact, such an operational military plan had existed within Israeli military doctrine since the end of the 1948 Arab-Israeli war.

In recounting the events of 1982, the “Panorama” moderator, Fergal Keane, stated, “In June 1982, Israel’s army stormed across an international border and invaded Lebanon. The Israelis said they wanted to protect their borders from Palestinian guerrilla attack, and Ariel Sharon’s army was soon laying siege to . . . Beirut.”

In September 1982, the United States brokered a cease-fire that included the Israelis, Syrians, and various Lebanese factions, aimed at ending the Israeli intervention and the civil war that had been raging in Lebanon since the 1970s. That agreement was favorable to the Israelis and led to the PLO’s evacuation to Tunisia. It also led to the withdrawal of a multinational peacekeeping force, while naming Bashir Gemayel, leader of the Phalange and Israel’s main ally, as President of Lebanon. The United States promised to back a program of reconstruction. In return, Israel was to begin withdrawing its forces over a 12-week period, and not to enter West Beirut, the stronghold of the Lebanese Muslim factions and the site of Sabra and Shatila.

On Sept. 14, within days of this agreement, Sharon broke Israel’s promise, sending Israeli forces to occupy West Beirut. Their attack began hours before its stated pretext — the assassination of Bashir Gemayel in a bomb attack — had occurred! That same day, Israeli armored forces surrounded Sabra and Shatila. All these operations were coordinated with the Phalangists, who were “allowed” by Sharon — in Beirut at the time — to enter the Palestinian camps. The unarmed Palestinians had been the Phalangists’ most bitter enemies, a fact which formed the basis for the Phalange alliance with Israel. The Phalangists, like Sharon, had as their goal the expulsion of the 500,000 Palestinian refugees from Lebanon. The next 48 hours witnessed horrible carnage.

‘You Must Stop, They Are Killing Children!’

“Panorama” interviewed eyewitnesses, including Israelis, Palestinians, foreign journalists, and aid workers, on the horrors of those events. “Panorama” also interviewed senior diplomats and legal experts who had been intimately in-



Israeli Prime Minister Ariel Sharon, and a schematic of a more recent incident in which Palestinians were killed. Sharon may face charges as a “Class A” war criminal.

volved in the events of 1982, who gave precise testimony to the fact that Sharon can be classified as a “Class A” war criminal.

Judge Richard Goldstone, former Chief Prosecutor for the United Nations War Crime Tribunals (1994-96), gave “Panorama” a precise definition of the war crime Sharon stands accused of: “A military commander and a political leader who was involved in giving instructions would clearly have an obligation under the law of war, and under the Geneva Convention, to ensure that innocent civilians were not murdered or raped or injured in any way. Command responsibility goes fairly far. It requires, obviously, knowledge of the danger to innocent civilians; if there’s that knowledge, then there’s an obligation to take reasonable steps to protect them.”

When Israel occupied West Beirut, it became responsible for the safety of all civilians, as Goldstone defined it. But in 1982, the Israeli government hid behind the legalistic fraud that Israel was not responsible for killings by the Phalange. Sharon claimed, “Not for a moment did we imagine that they would do what they did.” But “Panorama” interviewed Morris Draper, who, in 1982, was President Ronald Reagan’s special envoy for the Lebanese war, asking him to comment on Sharon’s “innocence through ignorance.” He replied: “Complete and utter nonsense. . . . You’d have to be appallingly ignorant. I mean, I suppose if you came down from the Moon that day you might not have predicted it.” When asked whether he had any doubts of Sharon’s responsibility, Draper said, “No doubt whatsoever.”

Draper was the author of the cease-fire agreement, and had promised the safety of the Palestinians. “Panorama” quotes his message to Sharon when the first reports of the massacres reached him: “You must stop the acts of slaughter,

they are horrifying. I have a representative in the camp counting the bodies. You should be ashamed. The situation is absolutely appalling. They’re killing children! You have the field completely under your control and are therefore responsible for that area.”

Richard Falk, Professor of International Law at Princeton University and a member of the United Nations commission that investigated the events, told “Panorama”: “Sharon’s specific command responsibility arises from the fact that he was minister of defense in touch with the field commanders, that he actually was present there in Beirut, that he met with the Phalange leadership, and it was he that gave the directions and order that resulted in the Phalange entering the camps in September. . . . There is no question in my mind that he is indictable for the kind of knowledge that he either had or should have had.”

Sharon’s defenders, including his spokesman Ranaan Gissen, use the report of the Kahane Commission, which was established by the Israeli government to investigate the massacre. The commission found that there was “no conspiracy” by the Israelis to perpetrate the massacre. Nonetheless, the commission found that Sharon “disregarded the danger of acts of vengeance and bloodshed by the Phalangists against the population of the refugee camps. He failed to take this danger into account when he decided to have the Phalangists enter the camps.” He failed to order “appropriate measures for preventing or reducing the danger of massacre as a condition for the Phalangist entry into the camps.”

Even this, under international law, is grounds for a war crimes indictment. Judge Goldstone, commenting on the Kahane Commission report, said, “Well, clearly, justice requires that criminals should be brought to book, and if people, re-

ardless of who they are, are shown by an investigation to have been in breach of the law, then clearly criminal prosecution should follow; and in the case of Sabra and Shatila, clearly the Kahane Commission found that very serious crimes had been committed, and I have no doubt any decent person would regret the fact that not a single criminal prosecution followed.”

In 1982, the affair led to the removal of Sharon as defense minister and a ruling that he was unfit to ever hold that post. That has not barred him from becoming prime minister.

The massacre led to the collapse of the cease-fire and the total discrediting of American Middle East policy. U.S. troops and citizens became open targets for terrorist attacks. Lebanon's civil war lasted another seven bloody years.

Will Sharon Be Thrown in the Dock?

The case filed against Sharon in a Belgian court promises to be every bit as dramatic as “The Accused,” but unlike the “Panorama” moderator, the Belgian judge will have the powers of the state supporting him. He has the power, in the form of subpoenas and indictments, to conduct interviews and interrogations. Although it is unlikely that Sharon will end up in a Belgian dock, this case promises to keep the Israeli Foreign Ministry and Sharon's spin-doctors very busy.

The Belgian government, particularly its Foreign Minister, Louis Marcel, has been very critical of Sharon's government, and supports fully the recommendations of the Mitchell Commission report, particularly its call for a freeze on Jewish settlements. Belgium will soon take on the EU presidency, from which position it will be able to make these concerns known. As the case proceeds, it will be followed closely throughout Europe.

Because Belgium has incorporated the Geneva Convention within its legal system, the 23 Palestinian survivors were able to present their case before its courts. They were represented by three lawyers, Luc Walleyn and Michael Verhaeghe of Belgium and Chibi Mallat of Lebanon, who told Reuters on June 18, “We hope that Mr. Sharon will be brought to justice, will be tried, and will defend himself.”

Both Walleyn and Verhaeghe are highly professional human rights lawyers. Walleyn is a member of *Avocats Sans Frontières*, and has prosecuted Belgian soldiers accused of human rights violations while serving as UN peacekeepers in Somalia; but, he has also handled the legal defense of a high Rwandan official accused of participating in the Rwanda genocide. Verhaeghe represented the International Confederation of Free Trade Unions in their case against former Chilean dictator Augusto Pinochet.

Walleyn told *EIR* he is confident that Judge Collignon, the investigative judge, will pursue a vigorous inquiry. The judge will no doubt receive assistance from other states such as Denmark or France, thus broadening his reach. The case can, and hopefully will, constrain Sharon's freedom of action in carrying out a Bush-backed war policy.

Khatami's Second Landslide Means Greater Role for Iran

by Muriel Mirak-Weissbach

The re-election on June 8, of Seyyed Mohammed Khatami, as President of the Islamic Republic of Iran, marked the consolidation of a revolutionary process begun with Khatami's overwhelming 69% mandate in 1997. The date of that event, has become the name of the movement, *Dovvom i-Khordad*, May 23, which has been fighting for reforms in Iranian society.

This time, Khatami received a thundering 77.88% of the vote—21,656,476 million voted—and in some cities, won even 95%. The turnout for the vote was estimated at 67%, down from the 83% in his first election, but still high by any standard.

Some commentators, and would-be expert think-tankers in the West, have seized on Khatami's landslide victory, to assert that Iran is about to abandon Islam, in favor of a secular society and culture, characterized by McDonalds hamburgers and designer dungarees. Nothing could be further from the truth.

The Economy Is the First Issue

Although there are groups inside Iran, heavily influenced by the worst and most degenerate aspects of Western culture, the broad masses who have rallied behind Khatami are citizens seeking a higher standard of living, through meaningful, productive, well-remunerated employment, and greater freedom of expression, especially through a free press. These, in fact, were the leading issues debated in the campaign. None of the major candidates challenging Khatami dared to call into question his reform course, which has such overwhelming support. It is significant, that the candidates fielded to oppose Khatami were not arch-conservatives (with few exceptions), but rather moderates, as it was clear that the far right conservative faction would have no following whatsoever among the people.

The issues dominating the campaign were the economy and social reforms. Opponent Shamkhani, in kicking off his campaign, said that he was running because he was “worried about Iranians getting poor, worried about the decline of living standards,” and cited the problem of unemployment, especially among youth, as central. Significantly, Shamkhani hailed the 1997 election of Khatami as “a great epic,” and

limited his criticism of the incumbent, to his handling of the economy.

For Khatami, as well, the main focus is the economy. In launching his campaign in late May, he said the greatest challenge facing the country is unemployment. Out of a population of 62 million, 35 million Iranians are under the age of 20; graduates coming out of universities every year compete for an inadequate number of jobs, and unemployment officially stands at 16%. The best qualified, in the absence of job opportunities at home, seek them abroad, and the student news agency ISNA quoted Minister of Science, Research, and Technology Mostafa Moin, to the effect that 220,000 academic elites and industrialists had left the country over the past year—an immense loss. Inflation was estimated at 19.9% in 2000; foreign debt was officially quoted as \$9 billion.

Khatami has identified one major problem in the economy, as its 80% dependence on oil revenues, and has, over the past four years, sought to diversify the economy. Although the fundamental thrust of Iranian economic policy, is defined by its commitment to building the Eurasian Land-Bridge, and thus to a vast series of infrastructure projects inside the country, the adverse effects of the international financial and economic crisis, including oil price fluctuations, have been significant.

Iran also suffers under the embargo regime, imposed by the United States under the Iran-Libya Sanctions Act, of 1996, which still hampers its international trade relations, and blocks the import of some vital technology goods.

On the regional level, the continuing war in Afghanistan, and the Taliban insurgency's spreading plague of drugs, have dealt severe blows to neighboring Iran, not only because there are over a million Afghan refugees, but also from the influx of drugs for trafficking, and increasingly, for domestic consumption.

Following his landslide victory, Khatami pledged to push forward with his reforms, particularly in the economy. "The first priority of the government is to solve economic problems, including the unemployment crisis," he said.

The Gradual Revolution

Iran is a country which has had numerous revolutionary upheavals, from the Constitutional Revolution of 1906, to the nationalist fight for sovereignty under Mossadegh (1951-53), to the 1979 revolution. This history of revolutionary movements, and the fight for national sovereignty and independence, is crucial to understanding the dynamics of Iranian society today. And it is necessary to understand how the Islamic constitutional system functions. It is based on three branches, the legislative, the executive and the judiciary. Above them all, is the Leader of the Revolution, a position held now by Ayatollah Seyed Ali Khamenei, who succeeded Ayatollah Ruhollah Khomeini.

The Leader represents the highest authority of the land, both religious and political, and his powers are vast. They include deciding overall policies and overseeing their implementation. He may order referendums, command the armed forces, declare war or peace, arbitrate among the three branches of government, endorse the winner of Presidential elections, and appoint and dismiss numerous high-level officials, including the President. As supreme authority, his responsibility is to provide the guidelines according to which policy is formulated, to indicate the right path to follow.

The Leader is elected, by a group known as the Assembly of Experts for Leadership, which also has the power to dismiss him, if he no longer provides leadership. The First Assembly debated and passed a draft of the constitution in 1979, which was later put to a referendum. The Second Assembly of Experts was elected in 1982. Members may also hold other offices, in parliament or in government, but they must be clerics. They are elected for an eight-year term.

Next in order of authority, after the Leader, is the President, who leads the executive branch. The powers of the President were enhanced through a constitutional amendment which abolished the position of Prime Minister. Thus, the President has the power to name his cabinet ministers, and submit them to the Majlis (parliament) for a vote of confidence. The President, like his ministers, may be subjected to a vote of no-confidence, and can be impeached by a vote of two-thirds.

In the legislative branch, there are two organs, the Majlis and the Guardian Council of the Constitution. Legislation which is approved by the Majlis must be ratified by the Guardian Council, before being signed into law by the President. Thus the Guardian Council functions like an upper house.

The Majlis is made up of 270 members, who are elected by direct vote, for a four-year term. The overwhelming majority of members are Muslims, but there are seats for representatives of the religious minorities, the Armenians, Assyrians, Jews, and Zoroastrians.

The Guardian Council, or council of sages, is made up of 12 members, six of them clerical Islamist canonists, selected by the Leader, and the other six, civilian jurists, elected by the Majlis. In considering legislation presented by the Majlis, this group must ascertain that it is compatible with Islamic provisions and with the Constitution. The Guardian Council also supervises elections.

Given the composition and responsibilities assigned the two bodies, the more conservative Guardian Council, and the more heterogeneous Majlis, it is not surprising that they should come into conflict. As early as 1987, a new institution was created, to intervene in disputes which broke out between the two organs.

This new Council for the Determination of Exigencies, or Assembly for Determining the Expediency of the Islamic System, has developed over time, from a mere arbiter to a

functioning body of the legislative process. Shortly before the 1997 Presidential elections took place, the Expediency Council was reshaped by Ayatollah Ali Khamenei and then-President Ali Akbar Hashemi Rafsanjani. It was announced that Rafsanjani, on leaving office, would take over as chairman of the Expediency Council. Furthermore, the body was redefined, its powers and responsibilities significantly enhanced. Not only is it to intervene to settle disputes between the two houses of parliament, but it is to function as a consultative body, which even the Leader, Ayatollah Khamenei, would hear, before issuing decisions on foreign, economic, or defense policy. Reports in Iranian publications have identified the Expediency Council as the primary vehicle for economic policy-making.

Paradigm Shifts Toward Reformers

This institutional arrangement does not mean that all branches are of one mind. Over the years, the conservative clergy has maintained a firm hold on the judiciary, and internal organs of security, while the Majlis has gradually become dominated by a reform-minded majority. In the last four years, since the first reformer captured the Presidency, the struggle between the reformers and the conservatives has been heated, often becoming violent.

After Khatami's inauguration, a number of new, reform-minded publications appeared, and were promptly challenged by the conservatives, who moved, in numerous cases, to shut them down, arrest their editors and journalists, and so forth. Reform intellectuals were also the target of a series of assassinations in 1998, which were widely attributed to organized crime figures in the pay of sectors of the security apparatus. In the following year, student protests broke out, and clashes with the security apparatus led to casualties. In 2000, a clamorous case erupted, when a number of reform political figures attended a conference in Berlin, Germany, which was disrupted by provocateurs, who placed the Iranian guests in an embarrassing position. On return to Tehran, they were arrested, and a huge "human rights" campaign was mounted, artificially, in order to exacerbate tensions inside the country.

In all such critical situations, Khatami maintained a firm stance, defending the rights of the free press and intellectuals to express their views, within the bounds of the law and the Constitution. Khatami's approach has been, consistently, to refuse to respond to provocations, but to refuse to capitulate to pressure from the conservative camp, in the knowledge that the continuing massive public support for his policies would grow, and ultimately defeat the opposition.

One indication of how this process has played out in Iran, is the case of Akbar Ganji, a prominent journalist and intellectual, who had published his findings on the series of assassinations of intellectuals. He was arrested, jailed, and sentenced to ten years. Khatami, meanwhile, opened an investigation

into intelligence sectors, regarding the serial murders. Then, shortly before the recent elections, Ganji's sentence was reduced to six months. This was read, correctly, as the acknowledgment on the part of the conservatives, that, despite their power over the judiciary, they have no mandate in the population.

Another indication, is the fact that the conservatives, rather than mount a major campaign for an extremist candidate against Khatami, preferred to field relatively moderate candidates. The few extremist candidates, such as former intelligence chief Fellahtian, were virtually ignored by the electorate. In fact, early in the campaign, the clergy in Qoms, the center of theological studies, declared their support for Khatami. And, on the eve of Khatami's landslide victory, the Leader Khamenei called on the population to flock to the polls. At the same time, as reported by IRNA on June 8, he called for national unity; "The end of the election means the end of electoral rivalries. After the polls, politicians should ignore issues related to the era of competition, and help the incoming President and government solve the problems of the public so that the country could attain its lofty goals." He concluded, "The one elected President will be the President of all the people and all should respect him."

The lesson to be drawn is clear: no matter how sharp the political conflict inside Iran may become, the overwhelming majority of the population, emphatically including the huge percentage of youth and women, is solidly behind Khatami and his reform course. There is no way that an internal opposition can oust the President, short of risking a civil war.

Thus, Khatami's strategy of slowly, but surely, increasing his mandate, and proceeding with gradual but incisive reforms. With 77% of the voters, and a growing majority of reformers controlling the Majlis, Khatami is in an excellent position. Add to this, his international position: Khatami is the initiator of the "Dialogue Among Civilizations" idea, adopted by the United Nations, an idea which has shaped his foreign policy orientation, in his important trips to China, Japan, Russia, Italy, Germany, and many other countries. He is also a staunch promoter of the new Silk Road, or Eurasian Land-Bridge perspective, and has aggressively pushed through infrastructure programs, around rail transport and gas and oil pipelines, that have made Iran the "other pillar," along with China in the Far East, of the new Silk Road.

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LaRouche Accuses Gore Dems, KKK-Katie in D.C. Death Toll

by Jeffrey Steinberg

Democratic Party 2004 Presidential pre-candidate Lyndon LaRouche has issued a strongly worded denunciation of his “adversaries within the Democratic Party,” for their role in “increasing the needless death toll in Washington, D.C.,” by closing D.C. General Hospital.

There is a growing pattern of evidence that leading figures within the Al Gore/Eleanor Holmes Norton faction within the Democratic Party are conducting an aggressive behind-the-scenes campaign to block the Democratic Party leadership, particularly in the U.S. Senate, from taking the necessary legislative action to end the mounting death toll of Washington, D.C. residents and visitors, who are needlessly dying, as the result of the D.C. General shutdown. Since public health organizations and agencies, the D.C. City Council, and LaRouche, himself, all warned, in advance, of the deadly consequences of the D.C. General shutdown, those complicit are guilty of pre-meditated murder; and the death toll is rising.

“These people have got to cut it out,” LaRouche declared, referring to the turncoat Democrats, in a statement released by his LaRouche in 2004 campaign committee on June 22. “They are throwing this country into Hell. We are in the grips of an international financial breakdown crisis; we are faced with a hideous, manufactured energy crisis, typified by the looting of California by the energy pirates allied with President Bush; and we are facing a total breakdown and asset stripping of our nation’s health care system, a crisis epitomized by the shutdown of the only public hospital serving the nation’s capital.”

LaRouche continued, “There can be no more tolerance of the lies coming from Mayor Anthony Williams and Delegate Eleanor Holmes Norton, covering up the murderous conse-

quences of their privatization and looting of the District’s public health system, on behalf of [*Washington Post* owner] Katharine Graham, the Federal City Council, and the Lazard Brothers-centered Wall Street-London-Paris financial apparatus. Let these Democrats who have yet to come out from ‘behind the Bushes,’ step out of the way and allow honest Democrats to lead this crucial fight for the General Welfare.”

“We know quite well, LaRouche added, “that there are a bunch of swindlers inside the Republican Party, Bush-league swindlers. Yes, the GOP is a ‘bad Lott,’ but now we have a Democratic Party problem. And I have decided that I must personally come out publicly against those Democrats who have decided to bow down to the demands of Katharine Graham, and the banking and real estate interests she represents, and abet the mass murder of a select portion of the most vulnerable citizens of Washington, D.C.”

LaRouche’s warnings were echoed at a press conference in front of the Capitol on June 20, by leaders of the Coalition to Save D.C. General, including American Federation of Government Employees Local 3721 President Kenneth Lyons; Dr. Abdul Alim Muhammad, Minister of Health for the Nation of Islam; Rev. Willie Wilson, Pastor of the Union Temple Baptist Church; D.C. General nurse Charlene Gordon; and Lynne Speed, a Washington leader of the LaRouche in 2004 campaign. They were joined by State Rep. Thomas Jackson of Thomasville, Alabama and Camden City Councilman Ali Sloan-El. Each speaker called on the U.S. Congress to fulfill its moral and Constitutional obligation to protect the interests of residents and visitors to the nation’s capital, by restoring D.C. General as a fully funded, full-service public hospital. Speed detailed the 15 cases of needless deaths that have been documented so far, as the direct result of the shutdown of

D.C. General. Lyons asked of Congress: “How will history judge those who closed their eyes” to this atrocity?

The Evidence To Date

An initial pattern of evidence has been assembled by LaRouche’s associates, identifying some of the major Democratic Party players in the D.C. treachery. All of the known figures have long been associated with Al Gore. Whether or not Al Gore is personally involved in the present actions against D.C. General, the Gore machine is at the very center of the effort.

D.C. Delegate Eleanor Holmes Norton has played a particularly vicious role, on behalf of Katharine Graham, pressuring members of the Congressional Black Caucus to back off the D.C. General fight, in the interest of “preserving home rule.” Holmes Norton cut her teeth, in the 1970s, as a top aide to then-New York City Republican Mayor, and J.P. Morgan asset, John Lindsey. Knowledgeable New York Democratic Party sources have confirmed that Holmes Norton was one of the pivotal players in the original Lazard Brothers-run “Big MAC” New York City control board looting scheme, which is now being replicated in Washington, D.C.—with deadly consequences.

Holmes Norton’s longtime (1990-99) chief of staff, Donna Brazile, was seconded to the Gore-Lieberman 2000 campaign, which she headed, working closely with then-Lazard Brothers head Steven Rattner, Gore’s campaign finance committee chair.

LaRouche associates have also received indications that a disinformation memorandum is circulating among Democratic members of the U.S. Senate, featuring the lying claim that “privatization plans,” similar to that being implemented in the District, have been “successfully” implemented in other cities, including San Diego, Tampa, and Detroit. Leading Senate Democrats, who should know better, including Max Baucus (D-Mont.), Harry Reid (D-Nev.), and Tim Johnson (D-S.D.), have been sending communiqués to constituents, incorporating elements of the disinformation, and claiming that the D.C. General issue is “not before the Congress, but before the courts.”

One possible source of the disinformation has been identified as Cynthia Gooen, a senior staffer with Sen. Joseph Lieberman (D-Conn.), Al Gore’s Vice Presidential running-mate. Gooen bluntly told a caller on June 20 that she personally supported the shutdown of D.C. General, under Mayor Anthony Williams’ scheme, and, as Lieberman’s chief aide on Washington, D.C. matters, had adopted this position without even consulting with the Senator. “You cannot quote Senator Lieberman as supporting the closing of the hospital,” she said, because “I have not even briefed him on this position.”

And the Urban Institute, with Katharine Graham its longtime vice-chairman, published a September 2000 study, touting the successful privatization of hospital services in Tampa, San Diego, Milwaukee, Boston, and Philadelphia.

Flagrant Conflict of Interest

One scandalous instance of conflict of interest, central to the D.C. General fight, involves Control Board chairman Alice M. Rivlin, the woman who personally signed the death warrant on the last public hospital in Washington. While representing the “public” as Control Board head, Rivlin was on the payroll of the Katharine Graham family, through their tax-exempt fund, the Eugene and Agnes E. Meyer Foundation. In June 2001, the Brookings Institution’s Greater Washington Research Program published a report, “Envisioning a Future Washington,” peddling the Federal City Council line that Washington will only prosper by attracting wealthier residents. The report was co-authored by Rivlin, and financed through a \$40,000 grant from the Meyer Foundation.

Sources in the District office of Eleanor Holmes Norton have denied that they participated in the drafting of the privatization scheme. They identified Mayor Williams and D.C. Health Director Dr. Ivan Walks as the authors, while freely admitting that Holmes Norton backs the takedown of D.C. General.

Walks has been at the center of controversy, since he was first appointed by Mayor Williams in 1999, in part, due to the fact that he had no experience administering a large urban health care system; yet, he was given a \$227,000 salary and benefits package. In fact, Walks spent the five years, prior to his appointment to the District post, working for President George W. Bush’s number one financial angel, Richard Rainwater. Rainwater is notorious for his HMO, Columbia/HCA, which looted the Medicare and Medicaid systems out of billions of dollars, and for his asset stripping of the largest private mental hospital chain in the country, Charter Behavioral. Dr. Walks was employed by both Rainwater entities, specializing in austerity in mental health care.

Al Gore’s Green Hordes

At the heart of the effort to shut down basic services to the poorest segments of the Washington, D.C. population, is the drive to transform the Anacostia River area of the District into a trillion-dollar real estate bubble—which requires the forced removal of thousands of poor, predominantly African-American residents.

LaRouche campaign workers have learned that the Anacostia River swindle has drawn the active support of both the World Wildlife Fund U.S.A. and the World Bank, both headed by close Gore allies. WWF-U.S.A. is the fiefdom of longtime Al Gore mentor Maurice Strong, the Canadian Rockefeller family asset, who was a co-founder, with Prince Philip and Prince Bernhard, of the 1001 Club. WWF-U.S.A. has “adopted” the restoration of Washington’s Anacostia—central to the real estate scam—as their major U.S. urban project. World Bank President, Strong protégé, and close Gore ally, James Wolfensohn, staged a public relations appearance with D.C. Mayor Williams June 21, advertising the role of the World Bank in the cleanup of Kingman Island, in

the middle of the Anacostia River.

This nest of Democrats, linked to Gore and bankrolled by Lazard/Katharine Graham, have aligned themselves with the Bush/Lott Republicans, to wreck the health care delivery system in the nation's capital, a crime for which, LaRouche vowed, they will be held accountable.

D.C. General Hospital

A Matter of Life and Death for All Americans

The following is a "Fraternal Letter to the City Council of Washington, D.C.," from the Mayor and City Council of Camden, New Jersey, released on June 8.

Greetings to the City Council of Washington, D.C.

We, the Mayor and City Council of Camden, New Jersey, have watched carefully the fight you are involved in in Washington, D.C. to keep open the only public hospital in our nation's capital—D.C. General Hospital. The question of access to health care by the poor is a matter of life and death in cities around America. Your fight for conscience and responsibility in defending the health of your citizens in our national capital is a lesson to us all. Attached is a copy of the resolution we passed here in Camden, supporting the fight for D.C. General Hospital.

There is another essential issue that connects our concern with yours.

We note that your unanimous decision to keep D.C. General open as a full-service, fully funded hospital was overruled by an unelected Financial Control Board. Our City Council in Camden is currently in an unprecedented fight to defend the constitutional right to self-government—and the right of elected governments to retain their power against the "stealth dictatorship" of private, financially motivated groups. In this question, as well, we are very concerned with your fight in Washington, D.C. If the elected government in our nation's capital cannot act for the General Welfare of its citizens—because they have been stripped of their power to do so—then the Constitution has been destroyed for us all.

Camden has also been under the control of a financial control board for several years. However, this month, a bill was revived in the New Jersey State Legislature to put our city under the total control of an unelected body. This bill, S2499, would offer our city some money—to be distributed to various groups, to secure their allegiance and to gentrify our city—in exchange for our ceding all powers of elected government to a "chief operating officer" appointed by the

state. The administration of our city, according to this bill, would be turned over to the Delaware River Port Authority—a business group that operated between New Jersey and Pennsylvania, with the oversight of a state-appointed judge as "special master." Whoever heard of a city being administered by an appointed officer, a River Port Authority, and a judge?

There are many entities involved in concocting such scenarios. Reference has been made here to the "Urban Institute." We understand that the Urban Institute has connections to your D.C. Agenda, which we understand has played a major role in the move to shut down D.C. General Hospital. We also understand that Katharine Graham of the *Washington Post* is the vice president of the Urban Institute. Thus, we see that both your city and ours are being threatened from the same quarters. There are many other similarities in these attempts.

Today, our City Council and Mayor held a rally soundly rejecting this neo-colonial move to disenfranchise our citizens. We will never surrender on this point—history will not allow us to do so. . . . We are counting on you to take this fight to the U.S. Congress, in hopes of securing a Congressional Briefing on these threats to elected government. We firmly support the Congressional resolution to keep D.C. General Hospital open and healthy.

We are, again, in full solidarity with your City Council in this fight—realizing that what you do affects us all.

Best wishes to our brothers and sisters in Washington, D.C.

Towards a more perfect union,
Ali Sloan El, Sr.
Councilman, Ward 2B
Special Liaison to Washington, D.C.

The U.S. Embassy Bombings

What the FBI Knew or Should Have Known

On May 29, four so-called Islamist terrorists, Wadih El-Hage, Mohammed Sadeek Odeh, Mohamed Rashed Al-Owahli, and Khalfan Khamis Mohamed, were convicted in a Manhattan Federal court of conspiring with Osama bin Laden, the leader of the Al-Qaeda terrorist organization, and 17 co-defendants, to kill American nationals outside of the United States. That case is related to the bombing of the U.S. Embassies in Kenya and Tanzania on Aug. 8, 1998. Three others, Khalid Al-Fawwaz, Ibrahim Eidarous, and Adel Abdel Bari, are waiting to be extradited from Britain, but the British Supreme Court has refused to allow it, pending their appeals.

The defendants, as the trial has shown, were obviously

involved, directly or indirectly, in the act.

But, as the trial has also shown, the Federal Bureau of Investigation (FBI), the U.S. State Department, and other American and British intelligence organs have supported, abetted, monitored, or simply turned a blind eye on the acts committed by these so-called Islamist terrorists for many years. The standard that should be applied by the U.S. Congress and people to get at the truth about this whole episode, is that the FBI and the other government authorities “knew or should have known” that this was going to happen. Accusing Sudan of masterminding the terrorist act, and the U.S. retaliatory bombing of the Al-Shifa pharmaceutical factory Khar-toum, on Aug. 20, 1998, was an even bigger cover-up.

The conclusion that could be drawn is one of two: Either the FBI is completely incompetent, in which case it should never be given the task of protecting the safety of American citizens; or, it is performing a certain criminal role for the benefit of the geopolitical objectives of the ruling Anglo-American oligarchy, and therefore should be cleaned up.

As *EIR* reported in “Tapes Show FBI Failed to Stop World Trade Center Bombing,” (Nov. 12, 1993), FBI agents were informed of the terrorist plan for the Feb. 26, 1993 World Trade Center bombing in New York, but did nothing to stop it. Even if it is not yet proven that the FBI had actual knowledge of the plans to bomb the U.S. Embassies in East Africa, nevertheless, the Bureau had a thorough knowledge of the groups’ members and their activities.

The trial proceedings show that the FBI had been following and monitoring the activities of the East Africa cell of bin Laden’s Al-Qaeda organization, at least since late Summer 1996, two full years before the bombings. For example, FBI agents raided El-Hage’s apartment in Nairobi on Aug. 21, 1997 (one full year before the bombings), and confiscated valuable information stored in a computer, address books, and other documents. He testified a few days later, before a grand jury in New York, in a case related to the World Trade Center bombing. Prosecutors claim that because El-Hage “lied” about his relationship to members of Al-Qaeda, he “misled” the FBI and the U.S. government on the nature of Al-Qaeda’s activities in East Africa, causing the fatal terrorist acts a year later.

The government’s main witness in the trial, Jamal Ahmed Al-Fadhil, defected from Al-Qaeda in 1996 and started providing information to the U.S. State Department, and later to the FBI, no later than September 1996. He allegedly provided the U.S. government with the names of hundreds of members of the organization. The FBI had information about the location, business activities, political organizing and recruitment, and other private information about many of the people who were later accused of the “conspiracy.”

An Anglo-American Frankenstein’s Monster

Furthermore, this network of terrorists is the very same network, well known to U.S. authorities, of Islamists who were allegedly behind the World Trade Center bombing, and

the murders of Jewish Defense League terrorist Meir Kahane, and Muslim American nationals. The network emerged from the “Afghan jihad” fundraising and recruitment based in Brooklyn’s Al-Farouq Mosque. These activities were completely sanctioned by the U.S. authorities. This one fascinating fact among many was stated clearly and fairly in the “stipulation” made by the court on the trial’s fifth day, Feb. 14, 2001. Points of the stipulation read as follows: “6. From shortly after the start of the Soviet invasion in Afghanistan in 1979, through September 1991, the United States, through one of its intelligence agencies, provided economic and military support to the Afghan mujahideen through a third country intermediary. 7. Beginning in 1987 the American military support to the Afghan mujahideen included Stinger anti-aircraft missiles. The parties have so stipulated, and, as I [District Judge Leonard B. Sand] said, those are facts which are not disputed and are in evidence before you.”

Many of the leading members of Al-Qaeda were in the United States, either for training, or to recruit and raise funds for the mujahideen. Many of the the defendants and some of the witnesses worked, at one time or another, in the Brooklyn mosque between 1979 and 1993. The Al-Farouq Mosque was officially part of the Maktab Al-Khidmat (Services Office) in Peshawar, Pakistan, on the Afghan border. This office was run by Abdallah Azzam, who visited the United States often in the 1980s, and by Osama bin Laden. It was the center for the so-called Arab “Afghansis,” volunteers from Arab countries, the United States, and Europe, to fight against the Soviets. After the Soviet withdrawal from Afghanistan in 1989, these groups were re-deployed to Arab countries, where they wreaked havoc. Some of them returned to the United States or regrouped in London and other European countries. The Anglo-American scenario for the “clash of civilizations,” had just become post-Cold War policy, providing prospective new employment for these assets.

In a sense, it was convenient for the FBI to use some of its agents in New York, who were involved in the investigation of the Sheikh Omar Abdel Rahman network before and after the World Trade Center bombing, to investigate the bombing of the U.S. embassies. More importantly, the breathtaking speed with which this network was busted—in a matter of days after the embassy bombings—can only indicate that their whereabouts and movements were already well known to U.S. law enforcement authorities. Actually, some of the defendants were already sitting ducks in Britain and the United States.

Although, more could be said about this fascinating case, the point to be emphasized here, is that a thorough investigation of this decades-long dirty side of Anglo-American geopolitics and its catastrophic implications for the United States and other nations, is necessary and timely now. This trial of these used-up assets should merely be the beginning of it. If the peace and safety of the citizens of these nations are to be preserved, a real cleanup must be conducted at the highest levels of the Anglo-American security and intelligence organs, starting with the FBI.

Senate Reorganization Stalls over Nominations

Negotiations on Senate reorganization, between Senate Majority Leader Tom Daschle (D-S.D.) and the Republican leadership, have bogged down over procedures for the handling of judicial nominations. Initially, the GOP had been demanding that all Supreme Court and appellate court nominees be guaranteed floor votes. When the Democrats refused, they instead called for the full Senate to decide whether Supreme Court nominees should be guaranteed a floor vote.

Also at issue, is the ability of a senator to put a secret hold on a nomination. Republicans are concerned that the tactics they used to kill numerous Clinton nominees—secret holds, not giving nominees hearings, etc.—will be used against President Bush's nominees.

On Fox News Sunday, on June 17, Daschle said, "We're not going to do what we think, in many cases, was done to our nominees in the last eight years." Instead, "What we want to do is move forward, assure that there are votes, but we don't want to abrogate the constitutional process of advice and consent."

Daschle said that he has promised the Republicans that every nominee will have a "fair hearing," but that he wouldn't go beyond that. "I'm not going to engage or commit to an extralegal process that says, in some cases, regardless of what the Judiciary Committee does, we're going to bypass the committee and go straight to the floor," he said.

Even though there's no longer disagreement on the makeup of committees, Daschle is holding up committee action on almost everything, as long as this tug-of-war continues. When control of the Senate changed hands, committee membership reverted to that of the 106th Congress, meaning

that freshman senators currently have no committee assignments. "Clearly," Daschle told reporters on June 15, "this has to be resolved before we can officially do business."

House Republican Leaders Introduce Fast Track Bill

On June 13, members of the House GOP leadership, including Majority Leader Dick Armey (R-Tex.), Majority Whip Tom DeLay (R-Tex.), Ways and Means Committee Chairman Bill Thomas (R-Calif.), and Trade Subcommittee Chairman Phil Crane (R-Ill.), announced before reporters the introduction of legislation to give President Bush trade promotion (what used to be called "fast track") authority (TPA). Agreements negotiated under TPA cannot be amended by Congress, which can only give an up or down vote. The President has been without such authority since 1994, and its backers argue that other countries will much more readily enter into trade agreements with the United States if they know that the agreement can't be amended by Congress.

The fact that the Senate is not moving with the same speed as the House on TPA isn't discouraging the House GOP. Rules Committee Chairman David Dreier (R-Calif.) said, "The important thing for us to do is to have this vote in the House, and I think that'll be a great springboard for what I assume will be very positive movement in the Senate."

While Sens. Frank Murkowski (R-Ak.) and Bob Graham (D-Fla.) are working on a bipartisan bill, Senate Finance Committee Chairman Max Baucus (D-Mont.) has indicated that he is in no hurry to move a TPA bill. Sen. Charles Grassley (R-Iowa), the ranking member on the Finance Commit-

tee, said on June 18 that he doesn't know where it will be on the agenda, and he warned that if it isn't passed this year, it will be very difficult to move in an election year.

The primary issue of contention is not the danger of free trade, but labor and environmental standards. The House TPA bill prohibits including such standards in the negotiations unless they are "trade related." However, some parts of the business community are worried that a bill that doesn't include labor and environmental standards won't gather enough votes to pass, because the Democrats won't support it.

Education Debate Shifts to Funding

On June 14, the Senate voted 91-8 in favor of the Bush education plan, passing a heavily amended bill that authorizes approximately \$33 billion in spending for fiscal year 2002. The bill also requires annual testing for every child in grades three through eight, and provides Federal aid to schools with low average test scores. If scores don't improve, it allows for children to transfer to other public schools. It also provides more money for charter schools and for programs to improve science and mathematics education, as well as for programs aimed at improving reading skills.

The heavy support for the bill, however, doesn't indicate agreement on funding for its programs. The House bill provides for a lower level of funding, around \$24 billion, and Education Secretary Rodney Paige said on June 15 that the level in the Senate bill is "too high." He repeated the Republican mantra that spending has to be tied to results. "It depends on how the money is used and what

its purpose is," he said.

Democrats say that the GOP is calling for reforms and accountability without providing the resources required. House Minority Leader Richard Gephardt (D-Mo.) told reporters, "I am very concerned that we have dug ourselves into a new hole, and that this education bill, while it has a lot of good standards and testing and good things in it, is going to be a hoax." Gephardt's concern stems from the fear that the tax cut, recently signed into law, and the slowing economy, will be claiming money that might otherwise go into programs like education.

The next step for the bill is conference committee negotiations between the House and the Senate, negotiations that will likely include the White House. Then the argument over funding will continue in the appropriations process. The Senate attempted to address the funding issue with sense of the Senate resolutions. A Democratic resolution called for full funding of the authorizations in the bill, while a GOP resolution called for funding "to the maximum extent possible." Both amendments fell by 50-49 votes.

BMDO Warns, Don't Rush Missile Defense Deployment

Director of the Ballistic Missile Defense Office Lt. Gen. Ronald Kadish warned against rushing to deploy a ballistic missile defense system, and stressed the importance of the testing process, in a June 14 hearing of the House Armed Services Committee Subcommittee on Military Research and Development. "If we rush development imprudently, I will guarantee that we will get less than satisfactory results," he said. President Bush has announced his intent to field a limited

system by 2004.

Kadish said that a development program can be rushed, if it is done "prudently," and not "on the cheap." However, he said, the question is, "Can we articulate and structure a program that could have those prudent ways of reducing risks and be able to afford them properly and then march through as rapidly as we can?"

Democrats focussed on the viability of the technology involved, and on the policy behind the program. Marty Meehan (D-Mass.) said that the Bush Administration "has not so much changed direction as velocity. . . . It doesn't take a skeptic to understand that the point of deploying a small fraction of an unproven system might not be to shoot down missiles; it might be to shoot down a treaty."

Thomas Allen (D-Me.) said that the justification for a more rapid deployment just isn't there. He noted that North Korea, which was used to justify the original 2005 deployment date, "voluntarily extended their moratorium on their missile testing program," and the Bush Administration has decided to resume "conversations about conversations with the North Koreans."

Vieques Decision Pleases Nobody

The June 14 announcement by President Bush that the Navy will stop using its training ground on Vieques, a small island off the coast of Puerto Rico, for live-fire training by May 2003, caused a firestorm of protest from both sides in the dispute.

The confrontation between the Navy and the island's 9,300 residents and their supporters, has escalated since the death of a security guard in a bombing accident over two years ago.

An agreement reached last year between President Clinton, and then-Puerto Rico Gov. Pedro Rossello called for a referendum whereby the island's residents would choose between the Navy leaving Vieques within two years or increased Federal aid in return for the Navy staying. That agreement was ratified by an act of Congress last year.

Bush's announcement was widely viewed as a political ploy to gain the favor of Hispanic voters, and was attributed to White House political director Karl Rove. It was almost universally condemned by Congressional Republicans, who are in the embarrassing position of opposing their own President. Senate Minority Leader Trent Lott (R-Miss.) said, "I've had basically no contact with the Administration over it, and at this point I disagree very strongly with the decision." Sen. James Inhofe (R-Okla.) said, "As much as I love George W. Bush, he was ill-advised by political advisers who thought this was a way to win some votes." House Armed Services Committee Chairman Bob Stump (R-Ariz.) announced that he would be holding hearings on the decision before the July 4 recess.

Democrats, who generally support withdrawal of the Navy from Vieques, were no happier. Those of Puerto Rican extraction, including José Serrano (D-N.Y.) and Luis Gutierrez (D-Ill.), want the Navy out right away. In a June 14 statement, Serrano said, "All the Navy has done is remove what they consider an embarrassment," because the decision obviates the need for the referendum, which many believe the Navy would have lost. Senate Majority Leader Tom Daschle (D-S.D.) said, on Fox News Sunday on June 17, "It was a decision that obviously ought to have been vetted a lot more with the Puerto Rican community and with the military."

'In Two Weeks or Two Months . . .'

"In two weeks or two months, many people will realize how life-and-death these ideas are." LaRouche Democrat Elliot Greenspan ("the sane Greenspan"), in his May-June campaign for the Democratic nomination for New Jersey Governor, demonstrated beyond any doubt the immediate power of Lyndon LaRouche's 2004 Presidential campaign to turn the U.S. citizenry around, during 2001. In particular, Elliot Greenspan's campaign showed the power of LaRouche's strategic *international* proposals—the New Bretton Woods monetary system concept, and the "Eurasian Land-Bridge" of high-technology transport and development corridors—to move Americans facing the collapse of their economic conditions of life.

The sane Greenspan's "Land-Bridge campaign" aggressively focussed on the great idea of modern development spanning the Eurasian continent, many thousands of miles from New Jersey. The Land-Bridge served as the metaphor for LaRouche's political principle of the General Welfare, the Common Good of humanity. It reawakened the traditional idea of a New Jersey producing machinery for world development, which used to be expressed in the capital city's slogan, "Trenton makes, the world takes."

Campaigning to represent LaRouche as a Presidential candidate for 2004, Greenspan punctured the screen of local, hot-button issues on which political campaigns are supposed to waste themselves. Around the Land-Bridge idea, he worked with Pennsylvania legislators to achieve the June 21 introduction of a New Bretton Woods bill in the Pennsylvania legislature, a landmark move to stake out the LaRouche alternative to the oncoming economic depression. He worked with Camden city leaders, trying to fight off an unelected "Control Board" takeover, to form an alliance for the General Welfare between them and the Washington, D.C. forces fighting to keep their public hospital (see page 77 of this issue). He organized widespread union and other support throughout New Jersey for the fight for the General Welfare being led by LaRouche's campaign in the nation's capital.

Some New Jersey press at first tried to ridicule "the

Eurasian Land-Bridge" as the leading idea of a New Jersey gubernatorial campaign. But in the final pre-primary week, the LaRouche Democrat Greenspan campaign broke through. The largest TV and radio outlets of the New York-New Jersey market—the nation's most important—found themselves covering the Land-Bridge campaign. The sane Greenspan explained the Eurasian Land-Bridge idea as the *engine of economic recovery for the U.S. rust belt as well*, on New York's network TV news and radio interview programs, even as the "insane [Fed Chairman Alan] Greenspan" was shown ducking Congressional questions about June's new waves of layoffs.

These happy developments are signs of a paradigm-shift taking place in the U.S. citizenry, opening up to the strategic principles of LaRouche's campaigning as the economic crisis gets more grave.

"Two weeks or two months . . ." is all the time American citizens and their representatives have to change their political thinking completely. They cannot "push issues" with a Bush Administration that is committed to back the usurers and financial pirates all the way down to the depths of an economic depression. The insane Greenspan's inflationary interest-rate-cut policy has completely failed to stop or even slow the economic contraction, and should be reversed. The Bush Administration will not change its spots. It can only be made to change policy in one way—by being beaten up, in a principled fight, by forces committed to the General Welfare. Nothing could make this clearer, than the Administration's grudging, trench-by-trench retreat from the earlier arrogant Bush-Cheney energy plan of "no price caps, no profit limits, total deregulation." The fight against the Bush energy policy was launched by LaRouche alone, in January, when even California officials were not daring to protest.

The sane Greenspan's campaign breakthrough has shown that thinking Americans are now ready to recognize that principled leadership of LaRouche, and his 2004 Presidential campaign as the immediate vehicle to turn around the collapse of 2001.

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