

# EIR

Executive Intelligence Review

September 19, 2008 Vol. 35 No. 37 [www.larouche.com](http://www.larouche.com) \$10.00

Since Sept. 7 Bailout: Pelosi Democrats Buckle  
LaRouche Asks, 'Are You Neotenous?'  
Will U.S. Allow Zardari's Political Survival?

**Bailout of the Speculators:  
Tantamount to Treason!**



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# The Banking System Has Already Collapsed!



“There is no possibility of a non-collapse of the present financial system—none! It's finished, *now!*”

—Lyndon H. LaRouche, Jr., webcast, July 25, 2007

Unless the Homeowners and Bank Protection Act “is enacted as a first order of business of the 110th Congress in September [2007], many millions of Americans will be evicted from their homes.... The foreclosure tsunami is occurring, not as a result of a mere housing or mortgage crisis, but a disintegration of the entire global financial system.”

—EIR Editorial, Aug. 31, 2007

“My view of the economy is that the fundamentals are strong.”

—President George W. Bush, Dec. 20, 2007

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EIR (ISSN 0273-6314) is published weekly (50 issues), by EIR News Service, Inc., 729 15th St. N.W., Washington, D.C. 20005.  
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Canada Post Publication Sales Agreement #40683579

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

# EIR

## From the Managing Editor

There are a few more people from the so-called corridors of power who deserve to be behind bars with the fellows on our cover, for crimes “tantamount to treason,” but for lack of space, we let the reader add them in his imagination. Treasury Secretary Hank Paulson’s move on Sept. 7, to extend an *unlimited* bailout to Fannie Mae and Freddie Mac—with the green light given by Congress’s Frank-Dodd Act—changed the world catastrophically, since last week’s issue of *EIR*. Our *Economics* package makes clear that there is *no way* Paulson’s desperate gamble can succeed. Every major economic power is re-examining its dollar holdings, as the menace of Weimar hyperinflation looms—and debating which would be the worse disaster: to pull out now or to hold on a bit longer.

Yet both Barack Obama and John McCain have embraced Paulson’s move, apparently vying with one another to prove who is the most incompetent to be President (see *National* for Lyndon LaRouche’s analysis).

From much higher up the totem pole of global political-economic power—in the City of London and certain Wall Street affiliates—there has long been a realization that this meltdown was coming. That is why, when LaRouche called on Democrats in Spring 2005 to defend the machine-tool core of the U.S. economy against the imminent shutdown of the auto industry, British agents George Soros, Felix Rohatyn, and others moved in to get LaRouche out of the way. The result, fully evident by early 2006, was their virtual takeover of the party, with Nancy Pelosi as their standard-bearer. As a result, the American electorate is as disgusted with the Democrats in Congress as it is with President Bush. Not a good omen for Soros’s hand-picked Democratic candidate for the Presidency, Barack Obama.

In our *Feature*, LaRouche reviews the fight between the legacy of FDR and the British-controlled New Democrats, addressing the question of *why* this country has been so stupid as to dismantle its industry and allow its infrastructure to crumble. “Are You Neotenuous?” Clearly the Baby-Boomer leadership of the nation is, with George W. Bush, Henry Paulson, and Nancy Pelosi leading the pack.

LaRouche will hold a Washington webcast on the global economic-strategic crisis, on Oct. 1 at 1:00 p.m. Eastern time. The news is bad, but you need to know it in depth—and to understand that solutions are at hand. Go to [www.larouchepac.com](http://www.larouchepac.com).



## Cover This Week

*Tantamount to Treason: Rep. Barney Frank, Sen. Chris Dodd, Secretary Henry Paulson.*



Design: Alan Yue; Paulson: EIRNS/Will Mederski; Frank: www.udel.edu

## Economics

### 4 The Line Is Drawn:

#### **Stop the Nation-Killing Bailout Now!**

After Treasury Secretary Paulson got the U.S. government to assume the liabilities of Fannie Mae and Freddie Mac, Lyndon LaRouche announced he will hold accountable those who carried out this unconstitutional travesty of justice.

### 6 Now Comes the Chain-Reaction: **Blowing Up the World**

By Lyndon LaRouche. LaRouche explains why Sen. Chris Dodd and Rep. Barney Frank showed both stupidity and cupidity in setting up the situation for Secretary Paulson's blowing out the U.S. dollar, on which the present world market depends absolutely, still today.

### 8 LaRouche Denounces 'Unlimited' Bailout

LaRouche denounced Treasury Secretary Paulson's Sept. 7 bailout as "tantamount to treason" against the United States and its Constitution.

### 9 Who Sold You Out? Hank Paulson's **Taxpayer Bailout of Speculators**

*EIR* shows 1. What the bailout is; 2. How big it is; 3. Who authorized it; and 4. Who designed and backed it.

### 11 LaRouche's Program To Solve the Crisis

## Feature

### 12 What's Wrong in Europe? Are You Neotenous?

By Lyndon LaRouche. Julian Huxley's concept of "neoteny," refers to the case in which a species' process of development stops before adulthood, attaining only a sexually potent "neo-adult" phase. What would the consequences be if such a process were to take place culturally, on a mass scale, to human beings as, for example, among the Baby Boomers?

## National

### **38 Since Sunday, Sept. 7th: Pelosi Democrats Buckle**

By Lyndon LaRouche. The present world financial system has entered its global-collapse phase, says LaRouche, and the Democrats in the U.S. Congress are presently in a process of the kind of defeat the party experienced in the 1988 Presidential election-campaign, or worse, because they are not even admitting the collapse is on.

### **40 Anti-Hillary Cabal Targets Rangel**

### **42 LaRouche: Nancy Pelosi Should Be Thrown Out**

### **43 Revolution in Military Affairs Suffers Setback**

### **45 National News**

## International

### **46 Will Washington Allow Zardari's Political Survival?**

The U.S. decision to land troops inside Pakistan's tribal areas without permission, only three days before the spouse of the assassinated Bhutto, Asif Ali Zardari, became President, raised a furor in Pakistan that hobbled Zardari as soon as he began his Presidency.

### **49 SCO Reaffirms Role in Eurasian Stability**

The meeting of the Shanghai Cooperation Organization (SCO), not only refused to attack Russia for its defense of South Ossetia, but reflected a strengthening of the member-states' commitment to ensuring stability against Anglo-imperial provocations.

### **52 Soros's British Cartel Takes Aim at Mexico**

The criminal activities of George Soros's Latin American Commission on Drugs and Democracy are being attacked by an international campaign launched by the political movement of Lyndon LaRouche.

### **54 LaRouche vs. Keynes: Bretton Woods Debate Breaks Out in France**

## Editorial

### **56 Now More Than Ever, the Big Four**

## The Line Is Drawn: Stop the Nation-Killing Bailout Now!

by John Hoefle

Immediately upon hearing of the action by Treasury Secretary Henry Paulson to have the United States government assume the liabilities of Fannie Mae and Freddie Mac, Lyndon LaRouche declared the move “tantamount to treason.”

“This is an un-Constitutional fraud,” he said, adding, “We’re going to hold these people accountable for this ‘tantamount to treason’ action.” If they do this, he said, “they are going to jail.”

For the past year, we have been warning that Paulson, Fed chairman Ben Bernanke, and the Plunge Protection Team were engaged in a systematic bailout of the bankrupt U.S. financial system, and, in doing so, were bailing out the global Anglo-Dutch Liberal system. Despite all the spin about “protecting homeowners,” this is a plan to save the parasites by transferring their losses to the taxpayers.

How did such a travesty of justice occur? The policy itself comes from the core of the Anglo-Dutch Liberal financier oligarchy, which is determined to protect itself and its parasitic system at all costs. Organizing for the policy in the U.S. was a fifth column of oligarchic stooges, centered around creatures like Felix Rohatyn, George Soros, the Council on Foreign Relations, the Trilateral Commission, the Rockefeller Foundation, and others, with considerable help from the whorish U.S. media. Implementing the plan were corrupt public officials who turned this policy into

law, to the detriment of the welfare of the people. This list includes Paulson, Bernanke, Senate Banking Committee chair Chris Dodd (D-Conn.), House Banking Committee chair Barney Frank (D-Mass.), Speaker of the House Nancy Pelosi (D-Calif.), and a host of others, who have consistently done the bankers’ bidding and consistently blocked LaRouche’s reform proposals. Paulson’s action was specifically authorized by H.R. 3221, the deceptively named Housing and Economic Recovery Act of 2008, also called Dodd-Frank after its main sponsors.

These actions, far from saving the United States, will destroy it. Said LaRouche: “Once the American people figure out what Paulson, Dodd, Felix Rohatyn, ‘Bailout Barney’ Frank, and House Speaker Pelosi have done, they will be out for blood. I wouldn’t want to be in the shoes of any member of Congress who signed their name onto the Dodd-Frank bill.”

### Tens of Trillions

To understand what this scheme is, and how it works, you have to step back and view it from the larger perspective of a bankrupt financial system: The devil is in the *intent*, not the details. As LaRouche has repeatedly declared, the global financial system died in the Summer of 2007; it has not come back, and will not come back. It is dead. The problem facing the banks, is that they still have trillions of dollars of bad paper on their books,

FIGURE 1

## Fannie and Freddie Melt Down

(Closing Stock Price)



Source: finance.yahoo.com.

paper whose real value ranges from zero, to pennies on the dollar. They can't afford to write it off, and they can't sell it. Despite their financial reports, they are bankrupt, and the bigger they are, the more bankrupt they are.

These big banks are zombies, walking dead, keeping their doors open only through thoroughly cooked books and a corrupt regulatory system. There is nothing they can do to save themselves.

This is the problem Paulson is trying desperately to solve, and the only way he sees to solve it is to bail out the banks by having the U.S. government buy the paper. He intends to save the financial system from bankruptcy by bankrupting the U.S. government, our economy, and our people.

No one knows what this will ultimately cost, because the financial system is still hemorrhaging as the

effects of the death of the system work their way through the balance sheets of the commercial and investment banks, hedge funds, pension funds, money-market funds, insurance companies, and other speculators in the quadrillion-dollar-plus global financial casino. The Congressional Budget Office has estimated that the scheme will ultimately cost the government \$25 billion, but that estimate is based upon a bailout of Fannie and Freddie, not the bailout of the financial system itself. LaRouche estimates that the bailout will cost tens of trillions of dollars, something the U.S. government cannot possibly pay, even with big tax hikes, and even bigger cuts in essential services. This plan will kill what is left of the U.S. economy, and, effectively, the nation itself.

### Savage Downsizing

It is useful at this point to define just what is meant by "bailout" under such circumstances. Even the dumbest among the bailout circus crowd realizes that saving every commercial and investment bank, every fund, every speculator, is neither possible nor desirable. Many people who thought they were major players are already gone, thrown overboard as expendable. Bear

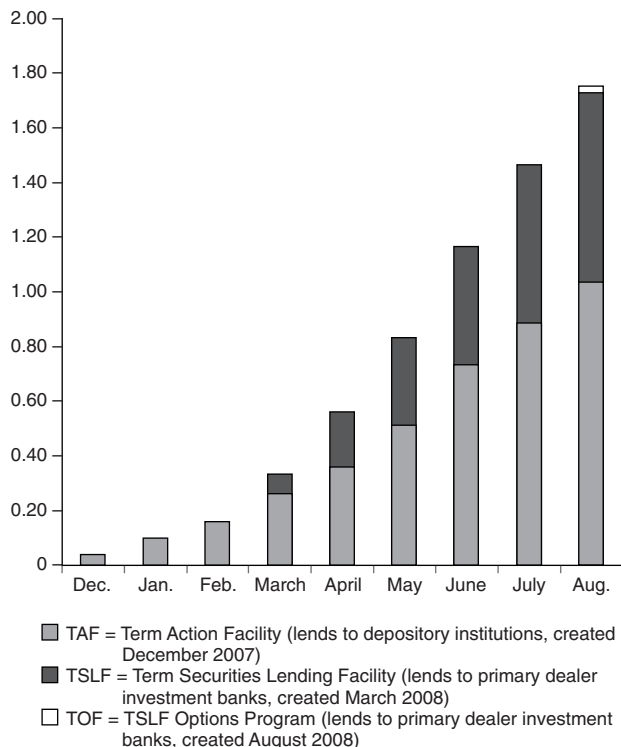
Stearns is gone; Lehman Brothers appears on the verge of joining them; Wachovia is now run by a former top member of the Plunge Protection Team; and the FDIC is expanding as fast as it can to handle the failures it sees coming. Some of these dramas are being played out in the press, soap-opera style, to keep the focus on individual institutions and not the system itself.

Again: Pull back and look at the system as a whole. During the heyday of the bubble, the debt machine was taking in mortgages, credit-card receivables, corporate debt, and related items, and spitting out even larger amounts of securities on the back end. In 2005, for example, this securitization game took in \$1 trillion in new mortgages, and turned it into \$3 trillion in mortgage-related securities. This game of turning piles of debt into even larger piles of assets spun off huge

FIGURE 2

## Federal Reserve Bailout Loans

(\$ Trillions)



Source: Federal Reserve.

amounts of cash, and as the pyramid scheme grew, the banking system grew with it. Then, suddenly, the music stopped, and Wall Street, the City of London, and other major financial centers found themselves with far more capacity than business, far too much expense for the suddenly reduced income. Suddenly these over-leveraged behemoths were struggling just to survive, their assets vaporizing, and no way to make the money they needed to cover the bills.

Regardless of what the bankers try to do, the system must inevitably shrink until it finds equilibrium, and that is a long way down. The best they can do, from their standpoint, is to try to protect the system itself, saving as much of the core as they can. That means lots of bank failures, and lots of mergers, many of them with government assistance. The big banks will try to survive by gobbling up the little ones, aided by Federal life support. The government has already shown it will do as much as it can to protect the money and the parasites, while throwing the taxpayers, and the rest of the economy, to the wolves.

## Stop It, Now!

This bailout must be stopped now, before it really gets rolling. Paulson must be stopped, and Dodd-Frank repealed.

“This bill must be immediately ripped up,” LaRouche demanded. “It flagrantly violates the U.S. Federal Constitution, which specifically defines the general welfare as the law of the land. This bailout of speculators, at the expense of current and future taxpayers, is illegal.”

This bailout scheme is a nation-killer, as the ultimate authors of the policy understand. If carried out, it will bankrupt the U.S. economy, and destroy the dollar. It will impose trillions of dollars in illegal taxes upon the public, bleeding us until we are dry.

Forget the legalistic nonsense being pumped out by Washington, and the hosannas being sung by those who think they are being saved. The Constitution is clear on the subject: The government’s responsibility is to protect the General Welfare is paramount, and that is the law of the land. Neither Paulson, nor Dodd-Frank, can change that.

There can be no compromise here. Either we stop this travesty of justice, or the United States gets gobbled back up by the imperial system from which we fought a revolution to escape. It is time to rise up and fight!

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## Now Comes the Chain-Reaction:

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# Blowing Up the World

by Lyndon H. LaRouche, Jr.

September 10, 2008

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*So far, the world’s press had considered only some of the relatively less significant effects of what have become the treasonous implications of the actions of Senator Chris Dodd, Congressman Barney Frank, and Treasury Secretary Paulson. Now, those in the British Empire who may have been gloating, momentarily, should also recognize that the U.S. bomb over which they have gloated, was the bomb on which they have been already sitting at that time.*

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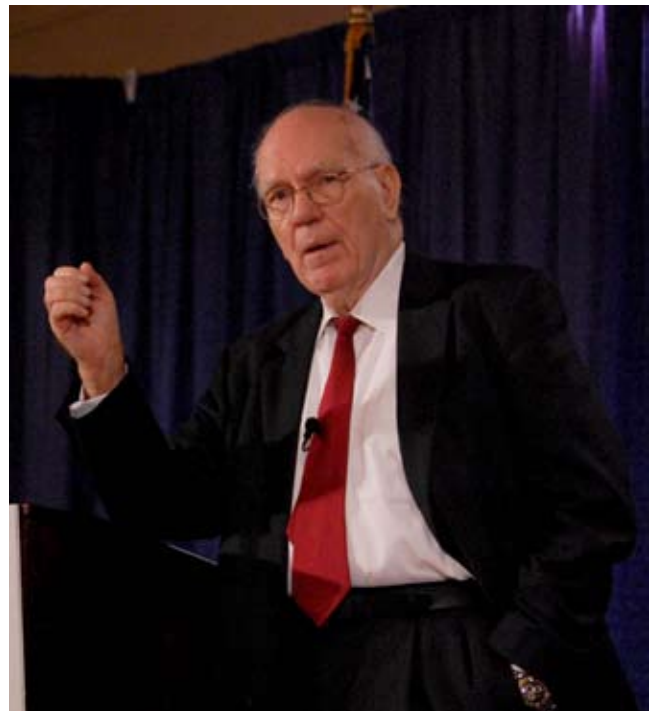
Senator Chris Dodd and Congressman Barney Frank showed nothing as much as both stupidity and cupidity in setting up the situation for the implicitly treasonous implications of Secretary Paulson's blowing out the U.S. dollar on the eve of the Autumn Presidential election-campaign. The dollar which Secretary Paulson has just blown up, by detonating the explosive charge created by Felix Rohatyn dupe Dodd's initiative, is also that U.S. dollar on which the present world market depends absolutely, still today.

One needs only to consider what only a damned fool would overlook, as the exemplary case of China's relationship to the valuation of the dollar, to see that connection. China's economy depends, both financially and materially, on the valuation of the U.S. dollar. That is typical of the effects of so-called "globalization" and the WTO lunacy on the world as a whole. So, much of the rest of the world, such as Germany and other nations of western and central Europe, for example, depend, directly or indirectly, upon the condition of the physical economy of China. The entire system of so-called "globalization," has been a financial-economic time-bomb, which Secretary Paulson has just detonated.

The many of you out there who had thought I was either unfair, or exaggerating about the Baby-Boomer problem, had better rethink their opinions, if they expect to continue to be viewed kindly among those who they had hoped to consider as being their friends and neighbors. To say that typical products of the systemic political impact of the Baby-Boomer era, Dodd, Barney Frank, Paulson, and President George W. Bush, Jr., are public menaces, is to give them, and most of the complicit Baby Boomers and Buppies generally, a monstrously large benefit of the doubt.

To you, the dim-wits who authored this national tragedy, I say, "You could not have pulled off anything as wildly stupid and corrupt as you have done, while my generation was still dominating the leading positions in our government. Turn government over to the next generation coming up now, while popular opinion of the coming weeks might still regard you merely as fools, rather than as treasonous monsters."

A little more than a year ago, in my July 25, 2007 international webcast, I had warned that the present world system had entered a phase-shift into an implic-



EIRNS/Stuart Lewis

*Lyndon LaRouche*

itly hyperinflationary breakdown-crisis. On that occasion, I had proposed a measure, the Homeowners and Bank Protection Act of 2007, which would have been the first step to bringing the presently skyrocketing world-crisis under control. Shortly after that, I presented two additional measures of reform of both the Federal Reserve System and international treaty-arrangements for a New Bretton Woods system. Through those three measures, we could have brought the present crisis under control.

Many of you supported some important parts of my proposals, but through the actions of such people as Senator Christopher Dodd, a publicly avowed dupe of financial predator Felix Rohatyn, who acted in concert with frankly silly Congressman Barney Frank, the way was cleared for a frankly unconstitutional, virtually treasonous piece of Federal legislation which has now been used by Secretary Paulson and a lame-brained President George W. Bush, Jr., to blow out both the U.S. dollar and also, in effect, to detonate that bomb which is the entire world's present monetary-financial system, into something worse than the kind of hyperinflationary breakdown-crisis which hit 1923 Weimar Germany, into a breakdown-crisis comparable to that which plunged Fourteenth-

Century Europe into a prolonged, genocidal “new dark age.”

Many citizens, including elected officials, on the level of state and local government, supported my proposed emergency action on the housing and banking crisis. Therefore, if those among you on the Federal level, who acted to sabotage my proposed emergency actions, such as Dodd and Frank, among others, must now repudiate your actions in sabotaging my proposals. Otherwise, if you are moral individuals, you will resign your present offices.

We must also take note of the fact, that both Senators Barack Obama and John McCain have reacted as consenting adults to the national perversions launched by Christopher Dodd, Barney Frank, Secretary Paulson, and President George W. Bush, Jr. Clearly, as an immediate first step, some of those named persons should begin the chain-reaction of simply resigning (ritual suicide is not recommended). The editors of the shameful *New York Times*, by the way, should also utter their own mea culpas (on the way out of their present positions) for their part in the related virtual crimes against humanity which they have perpetrated in their shameless corruption of attempting, fraudulently, to bully Rep. Charles Rangel, the Chairman of the Ways and Means Committee, into caving in to what is in fact the treasonous actions of Dodd, Frank, Paulson, Bush, et al.

Senators Obama and McCain, should reconsider their toleration of an implicitly treasonous action, or prepare to enjoy the rising public wrath of those who come to recognize the nature of the swindle, against them, which you have condoned. Obama, by the way, is likely to suffer much more than McCain, from associating himself with the actions of Dodd, Frank, Paulson, and Bush. (Senator Obama need merely address relevant experts who can explain this to him, blow by blow.)

Meanwhile, those who care will join me in the urgently needed actions to save civilization from the monstrous, virtually treasonous action which Dodd, Frank, Paulson, President Bush, and others have perpetrated in promoting this betrayal of our republic to a foreign financier power, the enemy of, in fact, all present and future humanity.

To ordinary concerned citizens who have just been looted beyond belief by the swindlers I have pointed out here, I say: “You know whose doorbell to ring on this matter.”

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## Tantamount to Treason

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# LaRouche Denounces ‘Unlimited’ Bailout

Lyndon LaRouche denounced U.S. Treasury Secretary Hank Paulson’s “unlimited” bank bailout announcement Sept. 7, as “tantamount to treason” against the United States and its Constitution. Paulson’s action completely confirms LaRouche’s warning—ever since authorization of this Federal bailout action was demanded by Paulson in July—that the Treasury is *not* assisting Fannie Mae or Freddie Mac; It is using them to *pass through* a huge new taxpayer bailout to international banks holding Fannie and Freddie and other mortgage securities. These banks are being aided by the Treasury in postponing the inevitable write-off of trillions in worthless securities, which would expose their bankruptcy. The bailout will not work, except to worsen the ongoing financial crash.

Paulson announced, at 11:00 a.m., the government takeover of Fannie Mae and Freddie Mac, until the end of 2009, and the “unlimited” bailout by the Treasury of Fannie and Freddie securities held by banks.

Both Republican John McCain and Democrat Barack Obama announced they backed the bailout.

Paulson refused to name a figure for the bailout over any time period: Both the new capital being put into Fannie and Freddie by the Treasury, and the Treasury “Secured Credit Lending Facility” opened up to them, are open ended and unlimited (except by the current U.S. Federal debt ceiling). Worse, Paulson announced that the Treasury is mandating the two government-sponsored enterprises (GSEs) to use this Federal credit line to buy *more and riskier* toxic mortgage-backed securities (MBS), and more subprime and undocumented mortgages, through the end of 2009, than they have been buying in 2008.

Worse still, Paulson announced the Treasury *itself* will start buying MBS directly from Fannie and Freddie, whether issued by them or bought by them from investment banks.

A more transparent bailout of \$2 trillion of Fannie

and Freddie MBS held by banks and financial funds, and of lenders of mortgages guaranteed by Fannie and Freddie, could not have been proclaimed. Paulson's announcement even extends the "secured lending credit facility" to the Federal Home Loan Banks as well, although no one had reported them to be "in crisis" like Fannie and Freddie; some of the Home Loan Banks have been throwing huge bailout loans at bankrupt subprime mortgage lenders like Countrywide Financial.

Here is the evidence of Paulson's announcement:

"The second step Treasury is taking today is the establishment of a new secured lending credit facility which will be available to Fannie Mae, Freddie Mac, and the Federal Home Loan Banks. Given the combination of actions we are taking, including the Preferred Share Purchase Agreements, we expect the GSEs to be in a stronger position to fund their regular business activities in the capital markets. This facility is intended to serve as an ultimate liquidity backstop, in essence, implementing the temporary liquidity backstop authority granted by Congress in July, and will be available until those authorities expire in December 2009.

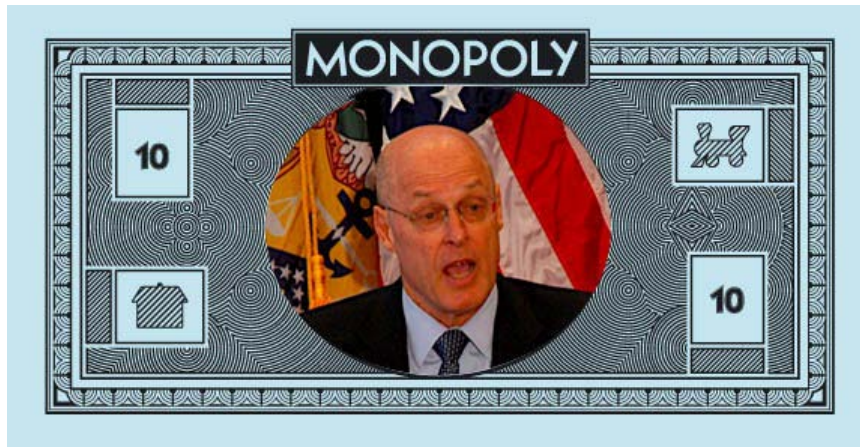
"Finally, to further support the availability of mortgage financing for millions of Americans, Treasury is initiating a temporary program to purchase GSE MBS. During this ongoing housing correction, the GSE portfolios have been constrained, both by their own capital situation and by regulatory efforts to address systemic risk. As the GSEs have grappled with their difficulties, we've seen mortgage rate spreads to Treasuries widen, making mortgages less affordable for homebuyers. While the GSEs are expected to moderately increase the size of their portfolios over the next 15 months through prudent mortgage purchases, complementary government efforts can aid mortgage affordability. Treasury will begin this new program later this month, investing in new GSE MBS."

## Who Sold You Out?

# Hank Paulson's Taxpayer Bailout of Speculators

### 1. What Is It?

What Hank Paulson announced over the Sept. 6-7 weekend is an unlimited, Federal Treasury, taxpayer-funded credit line, to guarantee banks and financial funds all over the world 100% of the value of their



EIRNS/Will Mederski

m o r t g a g e - backed securities. It is a Federal bailout promise which will completely dwarf the \$30 billion Federal Reserve bailout of the mortgage-backed securities of Bear Stearns in May. It will steal from American citi-

zens and taxpayers on a scale they have never seen before, to the benefit of financial firms. This makes the bailout unconstitutional, a direct violation of the leading "General Welfare" clause of the U.S. Constitution.

This taxpayer bailout of banks and hedge funds, is called by Paulson's Treasury, the "Secured Credit Lending Facility." It has been publicly presented as a takeover and rescue of Fannie Mae and Freddie Mac, the huge government-sponsored mortgage companies. But the bailout credit will *pass through* Fannie and Freddie to the holders of the mortgage-backed securities (MBS) they've issued—that is, to international banks, investment banks, hedge funds, foreign central banks, etc.

A clear tipoff that this bailout is not actually a rescue of Fannie and Freddie? The Treasury's "Secured Credit Lending Facility" will also go through the 12 Federal Home Loan Banks. Nobody's claiming the Home Loan Banks are being "rescued"; but they've been doling out

big loans to bail out bankrupt subprime mortgage lenders like Countrywide Financial.

## 2. How Big Is It?

‘Unlimited’—the Treasury Department insisted on that.

The only limitation on the size of this bailout, temporarily, is the U.S. Federal debt ceiling. And at the Treasury’s frantic demand in July, the Congress raised the Federal debt ceiling, for this purpose, from \$9.6 trillion to \$10.4 trillion. So this bailout could rapidly use \$800 billion of Federal borrowing, raising Treasury interest rates (it’s already doing that) and piling on you, the taxpayer, another \$40-60 billion a year in Federal debt interest charges. To give one indication of how big it could get, a memo has been circulating among economists at the Federal Reserve, according to one source, that warns that the Federal debt could reach \$23 trillion by mid-2010, if the unchecked bailout goes forward. That is one warning of how big it could get, but that estimate presumes the rescue is of Fannie Mae and Freddie Mac, not a bailout of the far larger banking system, whose losses are growing by the day.

There are \$7 trillion in mortgage-backed securities held by banks, hedge funds, “investors,” etc. They are the means by which these investors bought collection rights on risky mortgages by the millions. *They could and should be frozen and written off for the duration of the financial crisis*; instead, Paulson’s Treasury is guaranteeing them at 100% face value. Fannie Mae and Freddie Mac, between them, issued about \$2 trillion of these, and bought another \$1 trillion from other financial firms.

## 3. Who Authorized This Bailout?

The answer is The Housing and Economic Recovery Act of 2008, or HR 3221, passed into law in July, and known as the Dodd-Frank bill—for Rep. ‘Bailout Barney’ Frank of Massachusetts, and Sen. Christopher Dodd of Connecticut, who was the chosen Presidential candidate of fascist New York banker Felix Rohatyn.

The bill was a Federal bailout of mortgage lenders to begin with. But in July, just before Congress was going to pass it, Treasury Secretary Hank Paulson insisted that the Congress *add to this bill, the “unlimited” authority to bail out Fannie Mae’s and Freddie Mac’s mortgage-backed securities*. Hank Paulson “delivered” the end of President Bush’s threat to veto the Dodd-Frank bill, in exchange for adding this unlimited bailout.

The Housing and Economic Recovery Act of 2008 doesn’t even go into effect until October 1; but *this* part went into effect immediately when the bill was signed into law in July.

Here are the primary sponsors:

- Rep. “Bailout Barney” Frank (D-Mass.)
- Rep. Nancy Pelosi, Speaker of the House—her economic policies are set by Felix Rohatyn, fascist New York banker, speculator and drug legalizer George Soros, and Al Gore.
- Rep. Steny Hoyer, House Majority Leader
- Rep. Rahm Emanuel, (D-Ill.)
- Sen. Christopher Dodd (D-Conn.), chairman of the Banking Committee, the “Senator from Wall Street”; his Presidential campaign was pushed by Felix Rohatyn.
- Sen. Charles Schumer (D-N.Y.) also participated, along with Sen. Richard Shelby (R-Ala.)

## 4. Who Designed and Backed This Bailout?

The idea for the Dodd-Frank bill was put in circulation through British-linked anti-FDR economists at the New York Council on Foreign Relations, including, “world currency” promoter Ben Steil.

The bill was specifically designed by Wall Street and London financiers—by Credit Suisse Bank in particular—working with the staffs of Barney Frank and Chris Dodd, and with Paulson’s Treasury. It was also pushed by Fannie Mae CEO Daniel Mudd—he lost his job in the big bailout push this weekend, but left with a “golden parachute.”

The direct bailout of mortgage-backed securities by the Federal government was also pushed by Morgan Stanley investment bank, and its CEO John Mack. Morgan Stanley became the Treasury Department’s advisor in the bailout. And it was pushed on the Congress by chief economist Mark Zandi of Moody’s Economy.com, run by Moody’s Investors Service—the rating agency which helped trigger the mortgage bubble blow-out by over-rating many billions in mortgage-backed securities.

Paulson’s Sept. 7 bailout announcement was backed completely by Presidential candidates Barack Obama and John McCain. Obama probably didn’t know when he voted for the Dodd-Frank bill in July, that it would lead to an “unlimited” bailout—now he does, and he says, “It had to be done.” McCain wasn’t present in the Senate when the Dodd-Frank bill was voted. Now he says of Paulson’s mega-bailout, “It had to be done.”

# LaRouche's Program To Solve the Crisis

Lyndon LaRouche, after his webcast on July 25, 2007, declaring that the global financial system *had already collapsed*, laid out emergency measures to deal with the crisis. These have circulated in millions of copies of leaflets and pamphlets, as well as on the website of the LaRouche Political Action Committee ([www.larouchepac.com](http://www.larouchepac.com)), where the complete statements can be found.

The approach is revolutionary, in that it requires a fundamental change in axioms on the part of people and governments. However, it is not new, but tried and tested, starting 75 years ago, by President Franklin D. Roosevelt.

In a statement of March 17, 2008, LaRouche itemized “Three Steps to Survival”:

“1. My Homeowners and Bank Protection Act of 2007 must be adopted and set into motion immediately. If not, the situation of the U.S. becomes quickly hopeless.

“2. A two-tier credit system, in which a.) U.S. government credit for physical-economic recovery programs is provided at between 1-2%, and b.) other utterances of credit-injections float more or less freely.

“3. The U.S.A. government must now immediately approach the governments of Russia, China, India, and others for the prompt establishment of an international, emergency fixed-exchange-rate system, ending the presently hopelessly bankrupt floating-exchange-rate system.”

## The HBPA

The Homeowners and Bank Protection Act of 2007 (HBPA) emphasizes that the United States is confronted, not with a “subprime mortgage crisis” or a “housing crisis,” but a crisis of the entire banking system. When LaRouche said that a year ago, many did not believe him; but the events of the ensuing months prove him to have been absolutely right. The collapse of the real estate sector was not a *cause* of the banking crisis (as many have argued), but rather a *sign* of it—just the tip of the iceberg, in fact.

So far, the HBPA has been blocked by Speaker of

the House Nancy Pelosi, even though it has widespread support on the state and local level. It has been supported in over 116 state and local jurisdictions. Five state legislatures have passed resolutions calling on Congress to endorse such a policy, including Rhode Island (both houses), Kentucky (Senate), Mississippi (House), Alabama (both houses), and Vermont (House). It has been introduced in 15 other states, and has passed in 84 cities, including major cities such as Philadelphia, Providence, Detroit, St. Louis, Indianapolis, Akron, Pittsburgh, and Newark.

Its provisions are even more urgently required now than they were in August 2007, when first specified by LaRouche:

“1. Congress must establish a Federal agency to place the Federal and state chartered banks under protection, freezing all existing home mortgages for a period of however many months or years are required to adjust the values to fair prices; restructure existing mortgages at appropriate interest rates; and write off all of the cancerous speculative debt obligations of mortgage-backed securities, derivatives, and other forms of Ponzi schemes that have brought the banking system to the present point of bankruptcy.

“2. During this transitional period, all foreclosures shall be frozen, allowing American families to retain their homes. Monthly payments, the effective equivalent of rental payments, shall be made to designated banks, which can then use the funds as collateral for normal lending practices, thus recapitalizing the banking system. Ultimately, these affordable monthly payments will be factored into new mortgages, reflecting the deflation of the housing bubble, and the establishment of appropriate property valuations, and reduced fixed mortgage interest rates. It is to be expected that this process of shakeout of the housing market will take several years to achieve. In this interim period, no homeowner shall be evicted from his or her property, and the Federal and state chartered banks shall be protected, so they can resume their traditional functions, serving local communities, and facilitating credit for investment in productive industries, agriculture, infrastructure, etc.

“3. State governors shall assume the administrative responsibilities for implementing the program, including the ‘rental’ assessments to designated banks, under the authority of the Federal government, which will provide the necessary credits and guarantees to assure the successful transition.”

WHAT'S WRONG IN EUROPE?

## Are You Neotenuous?

by Lyndon H. LaRouche, Jr.

September 1, 2008

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*Not all genuinely evil people are also stupid. Take the case of Julian Huxley, who represented a social set which included the following: his grandfather Thomas Huxley; his own mentor and Satanist Aleister Crowley; H.G. Wells; Brigadier John Rawlings Rees; Bertrand Russell; and, Julian's brother Aldous. That collection was just about as evil as the British establishment types come. Nonetheless, Julian either came up with, or merely adopted a concept named "neoteny." He referred to a special case in which the species of a lower form of life stops its process of metamorphosis into adulthood, as at the larval phase, never enters the normal adult form of its species, and reproduces that larval, or comparable phase, in a sexually potent, "neo-adult" larval state. Imagine something like that being done, on a mass scale, to human beings; not in the customary sense of biological; but, culturally. As the clinical case of the 1968ers' "Weathermen" illustrates the case, it has been done to many among the Americans as it was to the European oligarchy.*

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### **Foreword: The Coming of the Larva**

As you shall see when your study of this report has been completed, that it is significant that, since the assassination of President John F. Kennedy, only three Democratic Party nominees for President of the U.S.A. have been elected, since the President Lyndon B. Johnson, elected in 1964, who sensed the guns which sought to kill President de Gaulle, and had killed President Kennedy, as virtually aimed at the nape of his own neck. The two later cases were President Jimmy Carter, in 1976, and President Bill Clinton, the latter the last decent choice of actually incumbent President we have enjoyed, elected for two successive terms, in 1992 and 1996, respectively.



PRNewsFoto/pmphotos048484



*The Rolling Stones, aging emblems of the Baby-Boomer generation. Here, they are customizing their “signature” Mercedes-Benz, which cruised along with them on their “A Bigger Bang” concert tour (2005-07). The tour was done in partnership with Mercedes-Benz USA. (What’s happened to the auto industry? Read on!)*

Notably, the two Bush-league Republican candidates elected since President Ronald Reagan’s two terms, have turned out to have been shameful choices, or worse. President George H.W. Bush, had proven himself to have been a strategic and economic catastrophe, and his pathetic son, ostensibly chosen by George Shultz, and largely controlled in office by London-oriented Vice-President Dick Cheney, who has been something so low in character as beyond description in terms fit for the proverbial “ears of gentle ladies.”

Now, in the coming election, we are presented with a choice between what presently appears to be two catastrophically incompetent nominees.

What I have just summarized, is a pattern which has prevailed, over most of what is approaching three generations since the death of President Franklin Roosevelt. Yet, no one should attempt to isolate the blame to any among those Presidents, as individuals, for this pattern of onrushing catastrophes. Something has gone wrong, not just with our political institutions, but with the decaying culture which has come to dominate the environment of the great majority of the U.S. citizenry (and, notably, also, a probably worse condition in western and central Europe as well). Our failed Presidents have been less the cause of our affliction, than a reflection of the culture which selected them as choices for that office. After all, who elected them? We are pres-

ently in the grip of a true, Classical tragedy, a virtually global catastrophe.

As you shall also see, hopefully, when this report is completed, that all this has much importance for those who wish to understand the why of what has happened to bring about the vanishing of our once actually U.S.-owned automobile industry.

As I have indicated in earlier reports, there have been three phases to the post-World War II process which has now landed us at the terminal end of that process of subversion and related corruptions which has now brought the world at large to the brink of a threatened planetary new dark age of mankind. First, there was the cultural shift downward, relative to President Franklin Roosevelt’s time, under President Harry Truman. Second, there was the transition period from the assassination of President John F. Kennedy, to the turn of Spring 1968. Third, there has been the downward slide into physical-economic and cultural ruin which has been ongoing since the qualitative shift into a general physical-economic contraction, of 1968-1971.

The near dissolution of our U.S.-flag auto manufacturing industry, our keystone subject here, has been one of the notably crucial results.

The evidence of the rotting trend, not merely in selection of Presidents, but in the rotting quality of our own national culture over this interval, exposes a flaw

in the pattern of design of our recent governments, a design which now echoes the commonplace “free trade” and kindred parliamentary traditions in a decadent Europe. This trend is presently overwhelming us. We can now virtually smell the threatened onset, like the sense of a great Summer storm, of a planetary New Dark Age, nearly everywhere in the U.S.A., today.

Thus, since the death of President Franklin Roosevelt, there has been a general trend, downward, among the top layers of the political life of our republic, especially since the assassination of President Kennedy. Even a decent President, or two, or three, within that interval, has not been sufficient, thus far, to reverse this trend in the overall state of the economy. However, now, it has turned much worse. Since the entry of the first George Bush administration, the U.S.A., as well as the governments of western and central Europe, have been plunged deeply into what is presently on the cliff’s edge of becoming a global new dark age.

Since early February 2006, the U.S. Congressional leadership under predatory Felix Rohatyn’s and George Soros’ virtually fascist control over Speaker of the House Nancy Pelosi, has become almost as bad in its performance as the Bush administration itself, and in its effects on current and coming events, worse.

We now see, thus, a pattern which suggests that we are on the verge of a perpetual descent into what threatens to become a permanently pathetic quality of government, a quality of change which suggests Julian Huxley’s image of *neoteny*. We, with our so-called “Baby Boomers,” are becoming, like western and central Europe, virtually a “living theater” performance of the *neotenus The Lord of the Flies*.

Nonetheless, bad as things have become on both sides of the Atlantic, the past or present, self-inflicted tragedies of leading human cultures, were never inevitable. I am most probably the most successful economic forecaster over a period of more than four decades, but this is because, for scientific reasons, I never *predict* a crucial outcome, but only *forecast* the probable threat of an oncoming condition, and propose the actions which must be adopted if the threat of a fresh catastrophe is to be averted.

We must finally learn, contrary to those “kiss-breeches” and “suckfists” called our accountants and statisticians in general, that it is not “inevitable” trends which doom nations and their cultures, but, as the study of the history of tragedy shows, on and off the Classical stage, the typical root of afflictions such as our repub-



*The axolotl, a kind of salamander indigenous to Mexico, is neotenus all its life. Is the trait shared by Presidents Bush 41 and 43? Let the reader judge. But for sure, both Presidencies have been a strategic and economic catastrophe.*

lic’s own today, has been the present moment’s lack of a popular acceptance of a good choice of leadership, if it were otherwise available, a leadership which might be qualified to chart a way out of ruin, which thus becomes a movement to safety. Where human creativity is suppressed, as in the decadence of leading universities and popular culture of recent decades, entropy moves in, as, most notably, since late Spring 1968.



Therefore, I have never “predicted;” as only bean-counters such as statisticians, and kindred fools have accused me of predicting. I do not predict; I propose a qualitative change from current directions, to escape what *otherwise* might be inevitable. In this matter, I have never erred in any long-range forecast, since my first, 1956, relatively short-term forecast of the great recession of 1957, as to occur about February-March 1957, and as I was the only known forecaster of what became the 1971 breakup of the Bretton Woods system during the 1967-1971 interval. The way out of today’s Buppie-and-Boomer-led plunge into *neoteny*, is possible; but, only if we choose to bring on that possibility, instead of letting the alternative come by default.

On that account, as I shall stress, in appropriate moments in this report, Cardinal Nicholas of Cusa, who was otherwise one among the greatest builders of the best of modern history, is a key to defining the required quality of leadership needed for today.

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## 1. Our Atlantic Era

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The later, successful birth of modern European civilization as the successor to Europe’s Fourteenth-Century New Dark Age, owed much to the devotion of Jeanne d’Arc, despite her martyrdom at English Norman hands. Contrary to the frauds by later British literary scoundrels treating that subject, the relevant drama of the great Friedrich Schiller followed faithfully the actually principled features of her case. The evidence is then clear, that her devotion in real life, inspired leaders of the Christian Church of that time, and led, by way of the great ecumenical Council of Florence, to the realization of the first modern European nation-state under France’s great King Louis XI, a king much admired and copied by England’s Henry VII, but, not Henry VIII, and not under the reign, to present date, of the British monarchy established under King George I.

However, we do have available options for saving civilization, if we are wise enough, and also able to secure the authority to choose them.

As I have said, repeatedly, on appropriate occasions, the crucial historical figure of that century has turned out to have been Cardinal Nicholas of Cusa, whose heritage has had three outstanding political features. First, the design for the establishment of the modern sovereign nation-state, his *Concordancia Catholica*. Second, his founding of all competent strains of modern physi-

cal science, his *De Docta Ignorantia*. Third, as I emphasize for the purpose of this occasion, is his posthumous inspiration of the Christopher Columbus who based himself on the counsel of Cusa in adopting his own devotion to crossing the Atlantic Ocean, a mission which Columbus adopted for the specific purpose which Cusa had specified in the writings which inspired Columbus to this end.

The case which I have thus set before you now, has been properly introduced in those terms of reference.

### The New World

In the case of the inspiration for the founding of the English-speaking colonies in North America, the leading colonists and their backers followed a precedent implicit in what are termed in modern times as ancient, Classical, so-called Greek sources. That ancient culture was, notably, a principal maritime culture of the Mediterranean, which referenced the existence of a still earlier, Atlantic maritime culture. It was, so to speak, in the bones of that far-ranging maritime tradition, that the apparent futility of living in a certain habitual place which was then deemed to represent incurable cultural faults, would impel bold souls to organize a flotilla for movement to a new colony deemed to represent a quality of advantage, such as that of a relatively safe distance from their present, culturally contaminated habitation.

The outcome of the practice of that lesson from Classical Greece, had included, prominently, Cusa’s recommendation for escaping the depraved situation in the Mediterranean region after the fall of Constantinople. Cusa’s specifications, with included, relevant scientific-technical details supplied by Cusa’s circles, were what prompted Columbus, from about A.D. 1480 on, to make the later, 1492 and later trans-Atlantic passages to the continent on the opposite shore. The first passages required approximately the lapse of time which Columbus expected.

This passage inspired the wave of trans-Atlantic colonization, by proffering, as Sir Thomas More’s *Utopia* implied, the opportunity to colonize a new place at a relatively safe distance from the cultural depravity which reigned under the then-existing Venetian and associated oligarchy within Europe, an infestation of neo-Venetian oligarchism which prevails in Europe, still, today, in the underlying intention of the parliamentary and related oligarchical relics of so-called “feudalism” there today.

The success of the American Revolution, actually

over the period 1763-1789, following the British decision to crush the English colonies in North America, reflected an earlier decision made in the context of the February 1763 Treaty of Paris. That decision provoked the colonists into forming what thus became the leading realization of the intention of that colonization which had been set into motion earlier by the influence of Nicholas of Cusa on the intentions of navigator Christopher Columbus.

This notion of the benefit to mankind of colonization in distant lands, has been the root of the functional significance of the American English-speaking colonies in North America, to the present day. This is also what General Douglas MacArthur recognized in Curtin's Australia. That has been the potential which U.S. leaders such as John Quincy Adams, in crafting President Monroe's "doctrine," recognized in the future of the formation of the independent, post-colonial, sovereign states of Central and South America, once those states were freed from control by Europe's Anglo-Dutch Liberal tyranny. This is the underlying, long-ranging, crucial importance of the United States, even as debased as it has become, to the present day.

That then, already existing problem of Europe which Cusa recognized in his time, persists to the present day. The potential remedy is now also expressed in the special importance, for humanity at large, of the development of the great Asian nations, such as China and India today. This is the source of the continued special significance of Russia today, as being, not merely Russia's vast resources, but its historic mission as the world's leading *Eurasian* culture, a culture upon whose revived, U.S.-modeled, science-driven industrial development in the tradition of Franklin Roosevelt, much of the possibility of a happy future for western and central Europe now depends.

Since Cusa, France's Louis XI, and England's Henry VII, there have been some relatively great periods in this or that nook of modern European culture. Post-Westphalia France under the influence of Cardinal Mazarin



Library of Congress

*Christopher Columbus's trans-Atlantic passages were prompted by the scientific work of Nicholas of Cusa and his circles. Later came "a flood of Europeans migrating from corrupted Europe into new settlements such as those of pre-1689 Massachusetts."*

and Jean-Baptiste Colbert, is an outstanding case, as was a brief period of Queen Anne's England under the influence of Gottfried Leibniz, and the mid-to-late Eighteenth-Century, Classical movement under the leadership of such as Abraham Kästner, Gotthold Lessing and Moses Mendelssohn, and under Josef Haydn, Wolfgang Mozart, Lazare Carnot, Goethe, Friedrich Schiller, and the Humboldt brothers, and under the leadership of the Carl F. Gauss, Lejeune Dirichlet, and Bernhard Riemann of the 1840s and 1850s. There was a later kind of Renaissance in Europe, following, and largely shaped by the U.S. victory over the British Empire and its Confederacy puppet over a

period during the 1860s, into the 1880s, until the ouster of Bismarck in 1890.<sup>1</sup>

### The Sickness

Yet, in all, as we in the U.S.A., and the Americas generally, have felt the ebbs and flows of the cultural

1. It is necessary to point out one error in Germany's policy which haunts Germany still to the present day. The action by Prussia against the attack from France under Britain's puppet, Napoleon III, was correct; but, the desire by Prussia to continue that war after the abdication of Napoleon III, had tragic consequences which were evident to some even at that time. By failing to offer France an honorable peace at the point of Napoleon's abdication, Wilhelm I's monarchy sealed the potential for what became France's future role, later, as a hardened asset of Britain after the twin effects of the assassination of President Sadi Carnot and the Dreyfus affair. The "First World War" launched by Britain was made possible by this piece of folly, and, similarly, the "Second." This continued until President Charles de Gaulle's "Europe from the Atlantic to the Urals" alliance with Germany's Chancellor Konrad Adenauer, an anti-British action by de Gaulle, to which London responded by pushing the massive efforts at assassination of de Gaulle by his London-centered array of adversaries, which also led to the direct role of London in pushing the early resignation of Adenauer in favor of the German Liberal faction in Adenauer's own party. The rape of Germany by London (and Britain's anti-de Gaulle asset, Mitterrand) after 1989, must, therefore, be recognized as a continuing effect of the role which Britain has assigned to France, a British policy which is to be seen as a continuation of London's role in orchestrating that Seven Years War, by means of which the British East India Company became an imperial power.

tides of civilization in Europe, for worse or better, not only during the Eighteenth Century, but over the course of the span of the rise of the U.S. to become a great power during the Nineteenth Century as a whole, the oligarchical weaknesses in “Old Europe” have been the source, time and time again, for us and for other nations, of the same worst afflictions, such as the types of Rohatyn and Soros, transported to us, here.

Largely as a result of the two so-called “world wars” created by the London-centered Anglo-Dutch Liberal interests, Europe still carries the endemic moral sickness from which the leading colonists of North America fled, a legacy of the neo-medieval oligarchism of parliamentary systems, from which our leading colonists had fled, but of which Europe has yet to be cured. This has been a sickness which arrives in the Americas, again and again, like flotsam, as if with the new dawn’s coming upon our Atlantic shore, a disease known as the Anglo-Dutch Liberalism which, among other flotsam, gave the world Mussolini and Hitler. It is a financier-oligarchical sickness, which could prove fatal, unless cured very soon, or, otherwise, the United States, too, will go down to a virtual Hell born of the spread of imported financier-oligarchical tyrannies typified by the predatory, alien grip of foreign financier predators on the U.S.A. today.

What has made possible this presently recent, moral degeneration of our own U.S. political system, a descent into its advanced state of decadent, political and economic morbidity since the mid-1960s, today, is a fungus typified by the rise of what became an artificially shaped, *neotenous* generation developed in that pathological form, from among the suburban layer born into the “White Collar” and “Organization Man” breed, between 1945 and about 1958.

This *neotenous* degeneration emerged in the U.S. of the middle to late 1960s, as a specific part of a larger generation aptly compared to the youth of the children and adolescents of the ostensibly fictional *The Lord of the Flies*. Today, this social formation, represented chiefly in a certain part of the generation now in their fifties and sixties, has distinguishing characteristics, as a kind of special caste-formation, which is anti-“blue-collar,” anti-farmer, anti-nuclear, and neo-malthusianist, as this is merely typified by the co-thinkers of an obnoxious royal London pet from Possum Hollow, former U.S. Vice-President Al Gore.

The same pathological influence developed in the relevant “white collar” households of that time, was

replicated in Europe in a particularly vicious form of intellectual and moral degeneration, under the influence of an existentialist, implicitly pro-Satanic, Congress for Cultural Freedom and, in a related form, the influence of such as Crowley, H.G. Wells, Bertrand Russell, and the Cambridge Systems Analysis group, an influence spread into the Soviet Union in such Russell outgrowths as the Laxenberg, Austria International Institute for Applied Systems Analysis (IIASA).

That aspect of “the Baby Boomer” culture, as reflected back within the U.S.A. itself, typifies the notion of a *neotenous* form of human cultural degeneration in the modern world of European culture today.

This is what has happened to ruin many of the people of the United States culturally and morally: most notably among the Baby-Boomer caste-formation. We should recognize an earlier, even ancient precedent for this in a similar, Dionysian, or Dionysian-like pattern in the decline of many modern, medieval, and ancient cultures. We should recognize it in perspective when we contrast such types of Baby-Boomers and their culturally specific forms of conditioning by the “White Collar” and “Organization Man” cults of the 1950s, with what we should have recognized as the genius expressed in the design of the ancient great pyramid of Giza, or in the related case of the acquisition of knowledge of the form of physical science known as *Sphaerics* by such as the Pythagoreans and Plato.

The relevant evidence of this, is that, often, in history or credible evidence of pre-history from deep into the last great wave of glaciation, many known cultures have been progressive offshoots of a reaction against the degeneration of earlier ones: just as the constitutional system founded by immigrants to the colonization of the Americas was expressed in the establishment of the United States, as an escape from the persisting decadence within “Old Europe.”

We also have some clinically conclusive evidence of the way in which the reverse of such cultural degeneration occurs. Usually, some part of society moves away from the degenerated part of its current culture, usually by basing its fresh development on nurturing evidence from an earlier cultural renaissance. Just so, the rebirth of ancient physical science, in the form of the modern European science, was built on the foundations of such as the Pythagoreans and Plato, and the program of colonization, defined by Cardinal Nicholas of Cusa, which sent Christopher Columbus across the Atlantic to lead a flood of Europeans migrating from

corrupted Europe into new settlements such as those of pre-1689 Massachusetts.

We do not know presently, how many times in the existence of the human species, that a renaissance has expressed the legacy of an earlier, relatively superior form of culture. The best evidence of a categorical quality known for this purpose, is the evidence of the roots of competent physical scientific practice in the development of astronomy by ancient, transoceanic maritime cultures existing during the long glaciation of a time when the ocean levels were about as much as four hundred feet below current ones.

We also know, that the great change in economy and statecraft which has shaped the course of world events since the U.S. victory over London's Confederacy puppet, was, most emphatically, the effect of the development of the U.S. transcontinental railway system as the crucial shift in the nature of modern economy which has been the threat to which the British empire reacted with its preparation and launching of that change in world affairs typified by that empire's orchestration of launching the horrid events typified by both of two "world wars," the so-called "cold war," and the present effort to eradicate the institution of the sovereign nation-state through the proposed new "Tower of Babel" called "globalization."

We should have known, by now, that unless we defended the character of our United States as a refuge from the endemic sickness of Europe, that that creeping sickness would take us over, as we find the hand of British corruption of the minds and bodies of our institutions and of so many among our citizens controlling our nation's will and destiny now. "Globalization," expressed typically as so-called "environmentalism," is that potentially fatal, creeping sickness.

That is what is expressed in the form of the spreading "neoteny" spread by our Baby Boomers and their like today. Such is the present crisis of "The Atlantic Era," the crisis engulfing the world today.

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## 2. The Coming of the Baby Boomers

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As I have outlined the evidence in sundry earlier locations, the "Baby Boomers" and their echo in the phenomenon called the "Buppies," is a sickness, not a lawfully natural phenomenon of healthy human minds. Without the moral sickness which that section of the

population represents, the present economic crisis of the United States, including, specifically, the destruction of the American-owned auto industry, could not have happened.

This matter requires a brief introduction into the relevant areas of deep background.

The "Baby Boomers" are not a generation, but, rather a "degeneration." They are not an age-group, even though they are, principally, part of an age-group. They are a social-economic *caste*.

We do, or could know a great deal about characteristics of "class," "caste," and other special behavior in some types of historically defined societies. All in all, the best insight into "naturally human behavior" of all cultural varieties of mankind, is available to us through studies of the ways such phenomena emerge in various expressions of cultural evolutions. What we can fairly say that we actually "know" about cultures, is what we are able to prove to be some of the ways in which the knowable principles of "naturally human behavior" are expressed, or suppressed in cultures which evidence permits us to examine more or less closely.

What we actually know about the matter of social *neoteny* considered in this present report, is clear evidence that most of what we tend to regard, especially academically, as principles of "sociology" or "cultural anthropology," or "law," is a well-defined topic if and when it is considered as the product of what should prove to have been some clearly definable sort of hocus-pocus, or, perhaps, simply the usual case of those apparently literate persons who mistake mere "information" (e.g., "facts") for human "intelligence." However, there is nothing properly called "natural" about the mode in which the massively "brainwashed" class of "Baby Boomers" in the 50-65 age-group today came into being.<sup>2</sup> It is not a "social class;" it is a "caste," which, in this case, is distinguished by the caste's cult-like trappings of something like a primitive religion with, like the famous de-composed Richard Wagner, specifically Dionysian-like characteristics.<sup>3</sup>

To understand that caste, and its effects on society, what we actually know about the principled nature of

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2. E.g., "Buppies" and "Boomers."

3. Conductor Wilhelm Furtwängler was, unquestionably a genius, despite his defense of Wagner's work. Furtwängler's error on this account, was his affinity to the idea of a tradition of "German music," as distinct from the contrary notion of "German" by Hermann Göring's favorite oompah-bandmaster, Herbert von Karajan. Such are the pitfalls of the sometimes extraneous presumptions co-opted by a great mind.

mankind in general, is the fact that there is probably no part of mankind as a whole which lacks the manifestly “inborn” distinction of the human individual from all lower forms of life: *creativity*, as I use that term in matters of physical science and Classical artistic composition. Yet, the characteristic of most known societies is the systematic suppression of that creative potential among the largest part of a society’s population. The pro-Malthusian and related characteristics of the phenomenon of the Baby-Boomer caste formation, are typical expressions of the characteristic of that social formation as a quasi-religious cult, a specifically Dionysian (e.g., pro-Satanic) caste.

### Among English-Speakers

The typical root of this specific, “Baby Boomer” and kindred brutalization of intellectual life in the English-speaking world, is the phenomenon of so-called “Liberalism.” Liberals in general are not necessarily “Baby Boomers;” rather, the Baby Boomers as a caste-formation, are a case of a fanatical cult-form, derived from the foundation of the specifically Ockhamite, as distinct from Aristotelean irrationalism. Sarpi’s neo-Ockhamite system of what became modern Anglo-Dutch Liberalism, the social base of what was built up in what became, under Sarpi’s influence, the maritime regions of what became his Protestant northern Europe. That term, Liberalism, strictly employed, signifies the substitution of induced customs as replacement for the functions of actual human intelligence, as in the case of the specifically Sarpian form of deluded belief induced among academics duped into genuflecting before the delusion that Isaac Newton was a scientist, or the similarly foolish idea that Euler made honest objections to Leibniz’s concept of the infinitesimal.

What we know of the principles of human intelligence, is chiefly what we know of the way in which creativity is suppressed among, for example, the typical university graduate, and others, of our society today, as the point is made in the video production on the subject of the Baby-Boomer’s hand in crafting the specific quality of decadence commonplace to the teaching of academic science today, “The Harvard Yard.”<sup>4</sup> In this and related cases, *customary taught belief* is substituted for actual scientific proof, and the ritual of a virtually proprietary, descriptive language of mathematical formulations is substituted, as by Liberalism (e.g., empiri-

cism, positivism), for actual knowledge of experimentally validated natural principles.

In the U.S.A. today, for example, the typical standard of mental behavior in nearly all social classes, is the desire to be overheard saying what will be accepted among the members of the social grouping to which one’s ego is appealing for recognition and affectionate stroking. Such people do not recognize their behavior for what it is: They are, in effect, being efficiently “brainwashed.”

At the present moment, a sweeping shift in cultural trends is under way in the U.S.A., in particular. It is a shift of authority during the recent two years, even if it is only one in progress, a shift away from the largely self-discredited “68ers” of the political class most clearly, toward the potential new center of leading social influence in political life, a layer centered presently in their 40’s. We in the U.S.A. are as if caught in political midstream, between the present hegemony of the domination of our political and related life by a caste-like formation within the generation in their fifties and sixties, who have lost their way, and, on the other hand, those only presently at the verge of establishing their leading influence. That has been most emphatically the experience of the recent Democratic Party Presidential primary campaigns.

In this transition, the worst of the lot still in leading positions are the traditionally “white collar” “sixty-eightier” expressions of a lunatic cult like that of the English Luddites of the early Nineteenth Century, today’s artificially induced, mentally diseased cult of post-industrial “environmentalism,” as typified, in a typically disgusting form, by the case of virtual American moral expatriate, Soros-related, former Vice-President Al Gore.

To illustrate the way in which a caste-formation (as distinct from a social class) operates inside the U.S.A. today, take the clinical case of the entirely arbitrary destruction of the U.S.A.’s own automobile industry by this “Baby-Boomer” cult.

### The ‘Auto Industry’ Syndrome

The last gasp of the credibility of the “Baby Boomer” generation came, largely at my prompting, during the immediate aftermath of the November 2004 Presidential election. I called out to the Baby Boomer leadership in the ranks of the Democratic Party, and elsewhere, to get up off the floor of the dubiously certified defeat of the Kerry Presidential campaign, and rally to defend

4. See [www.larouhepac.com](http://www.larouhepac.com).

Social Security against the lunatic efforts to loot and wreck it, efforts coming from the George W. Bush, Jr. Administration.

The Democratic Party stalwarts and also some key Republicans rallied to this patriotic cause—until February 2006.

In the meantime, at the close of 2004, I launched an effort to save the machine-tool-centered economic potential of the U.S. auto industry against evident clear intentions to shut down that last major bastion of what the U.S. economy had once been. In the Spring of 2005, the frankly fascist Felix Rohatyn of “Big Mac” and “Pinochet” notoriety, intervened directly against me, arguing that I was, in effect, a potential new “Franklin Roosevelt,” and that this, and my role must be stopped. In February 2006, the Congressional leadership capitulated to Rohatyn’s line, and the U.S. auto industry has virtually disappeared, and with it most of the once-great political-economic power of the U.S.A.

The U.S. Congress has been virtually dead under “Squeaker” of the House Nancy Pelosi, ever since February 2006. However Pelosi could not have conducted the wrecking job which she has done for the advantage of Rohatyn and George Soros, to date, but for the “Baby Boomer” factor inside the Congress and that Boomer age-group’s leadership of the Democratic Party generally.

As I had emphasized from the close of 2004 onwards, it would be impossible to “save” the auto industry in its present form. The post-industrial orientation launched against the Franklin Roosevelt legacy after the close of World War II, had focused on using the automobile and related aircraft industries as a way of shutting down what had been the bulwark of the great U.S. industrial revolution since the mid-Nineteenth Century, the agro-industrial development based on the role of the emergence of a transcontinental railway system.

There are, in fact, two automobile industries. One is a manufacturing industry; the other is the worship of a cult of worship of the Boomer’s modern golden calf, the car. In recent times, that manufacturing industry has virtually disappeared. Such a variety of industry exists, and has operating branches inside the U.S.A.; but, it is a foreign industry which has ceased to exist as an actual U.S. industry, like many other former U.S. industries which have either virtually died out, or are expressed for Americans, chiefly, in terms of products made by foreign interests, even when not by foreign sources.

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### 3. The Myth of the Automobile

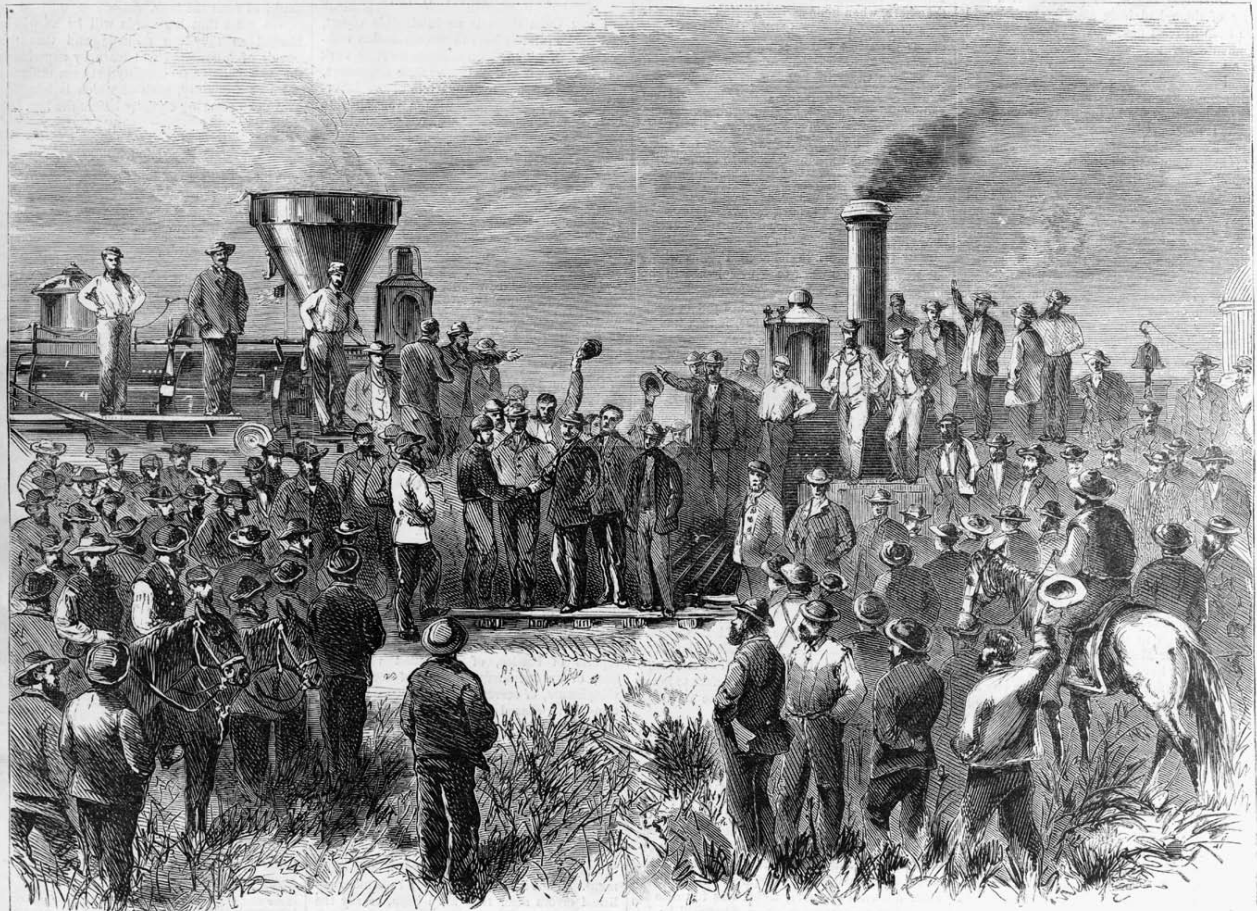
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The development of transcontinental railway systems, had been a U.S.-piloted, modern supplement to Charlemagne’s pioneering development of a European system of inland waterways. This development became the driver of the great agro-industrial development of the U.S.A. and its power in the world from President Lincoln’s administration onward. The essential feature of this industrial revolution over the period from President Lincoln through President Franklin Roosevelt, had been *the build-up of the scientific potential represented by the machine-tool sector*, and the great development of the industries which developed knowledge and practice of scientific principles into the form of a highly developed machine-tool skill through whose role large-scale and other manufacturing industries, were established. Formerly, many among these industries had been world leaders. Since about Fiscal Year 1967-68, that U.S.A. economy has been gripped by a process of destruction by the complicity between its own government and ruling Anglo-American financier interests.

The history of the U.S. automobile industry since that time, has been closely tied with the British empire’s fear, which it experienced during 1863-1865, a fear expressed in the view that the United States under President Abraham Lincoln was probably going to defeat London’s puppet, the Confederacy, in the course of Lincoln’s commitment to defending the Union. This turn in the course of that Civil War did not actually kill Lord Palmerston; but, it did ruin the policies of attempted containment, dissolution, and other systemic wrecking of the U.S.A. which the British Foreign Office of Lord Shelburne’s Jeremy Bentham (and Bentham’s successor Palmerston) had played since the closing years of the U.S. War of Independence until Lincoln’s victory.

It was the development of the transcontinental railway system, especially as by the methods unleashed under President Lincoln, which had brought into being a quality of the U.S. republic as Secretary of State and President John Quincy Adams had intended, a republic which would become a transcontinental sovereign within its Atlantic, Pacific, Canadian, and Mexican borders.

This was a U.S. achievement which also became known as the “geopolitical” threat to the British maritime power represented by the effect of the industrial, agricultural, and railway development of the U.S.A., as this was manifest over the course of the 1861-1876 interval. This U.S. development was one of the leading rea-



COMPLETION OF THE PACIFIC RAILROAD—MEETING OF LOCOMOTIVES OF THE UNION AND CENTRAL PACIFIC LINES: THE ENGINEERS SHAKE HANDS. [PHOTOGRAPHED BY SAVAGE & OTTINGER, SALT LAKE CITY.]

Library of Congress

*Completion of the transcontinental railroad in 1869, joining the Union and Central Pacific lines at Promontory Summit, Utah. Although completed after President Lincoln's death, this was one of the crowning features of his Presidency, and his life-long work for "internal improvements."*

sons that the British assassinated Lincoln, and, probably were directly engaged, later, in the strategically crucial assassination of President McKinley, as well. This was the motive, and remains the motive of the London imperialists to the present moment.<sup>5</sup>

In two World Wars, the influence of



EIRNS/Stuart Lewis

5. The actual authorship of what is called "9-11" is no longer efficiently concealed.

*The deconstruction of the U.S. railroads is in evidence across the nation; this picture was taken in Brunswick, Maryland, in 1987.*

FIGURE 1  
**The U.S. Railroad Grid in 1870, After Completion of the Transcontinental Railroad**



Library of Congress

the U.S.A. on continental Eurasian development, and the vast superiority of American economic methods over those of the British Empire, signaled to London that the U.S.A. must be destroyed, if the British Empire were to continue to rule the waves of the world.

*Any political, or military strategist who does not recognize this most essential feature of world history as a whole since 1863-1865, is virtually an idiot in the matter of strategic outlook on world affairs, however skilled he, or she might be in the relatively minor arts of the military and diplomatic trades.*

The creation of the post-World War II “Baby Boomer” generation (were “de-generation” not a better term) is essentially a post-World War II, Truman Administration-promoted, but chiefly British-crafted outgrowth of this strategic reality of the essential, mortal conflict between the U.S.A. patriots and the British imperial design of its monetary system.<sup>6</sup> The way in which the automobile in-

6. During and following World War II, the U.S. intelligence community was divided, “essentially,” between two factions, as typified by the case of two factions inside the Office of Strategic Services (OSS). The one, associated with OSS chief General Donovan (“Donovan’s boys”), and the opposing “white shoe” gang centered in Ivy League, “Wall Street”- and London-oriented types, who emerged around the Dulles brothers. Although I was never part of this then, I came to identify myself with the remains of the patriotic legacy of Donovan et al. at a later point in my

dustry had been built up (most notably, since the 1920s), and the U.S. railway system taken down (actually beginning, about 1926, but, more emphatically, after the close of World War II), is a crucially revealing aspect of this existential form of strategic cultural conflict between the patriots of the U.S.A., and our republic’s principal foes of the entire 1763-2008 interval to date, the British imperialists and their American assets within our economy and political parties.

The way in which the U.S. automobile industry was, undeniably, first, built up, to undermine the railway systems, and then taken down, as now, can not be competently assessed with-

out taking into account such crucial issues as the strategic superiority of rail, and comparable mass-transit systems over personal automobiles as a mode for transport of people, or of high-value-density, or very heavy freight over medium to long distances.

This means, that while the automobile as a supplementary means of personal transportation, has a significant, continuing place in daily life, the replacement of mass transport systems by individually operated transport, has been, in large, an expression, at higher strategic levels, of a more or less fully witting intent to bring down the United States’ economy, and, thus, the power of the United States otherwise.

No sane person could honestly deny that the combination of increased reliance on highway commuting by trucks and passenger vehicles has ruined the standard of living of households who have been victimized by the increase of lapsed time in commuting. No sane person, and no competent accountant, could deny the importance of replacing that costly highway congestion

life, not as a recruit, but as a meeting of the minds among patriots with converging experiences. This resulted in a virtual war within wars between the patriots and the “white shoe” types, with a third set occupying a middle-ground, still today. The Truman Presidency was a temporary victory of that “other side,” closer, by instinct, to Churchill’s London, than to the patriotic U.S. tradition.



by mass transit systems. No competent economist could deny that the need to replace lost railway transport by short-haul airline traffic has contributed to the ruin of many things, including the airlines and airport facilities.<sup>7</sup>

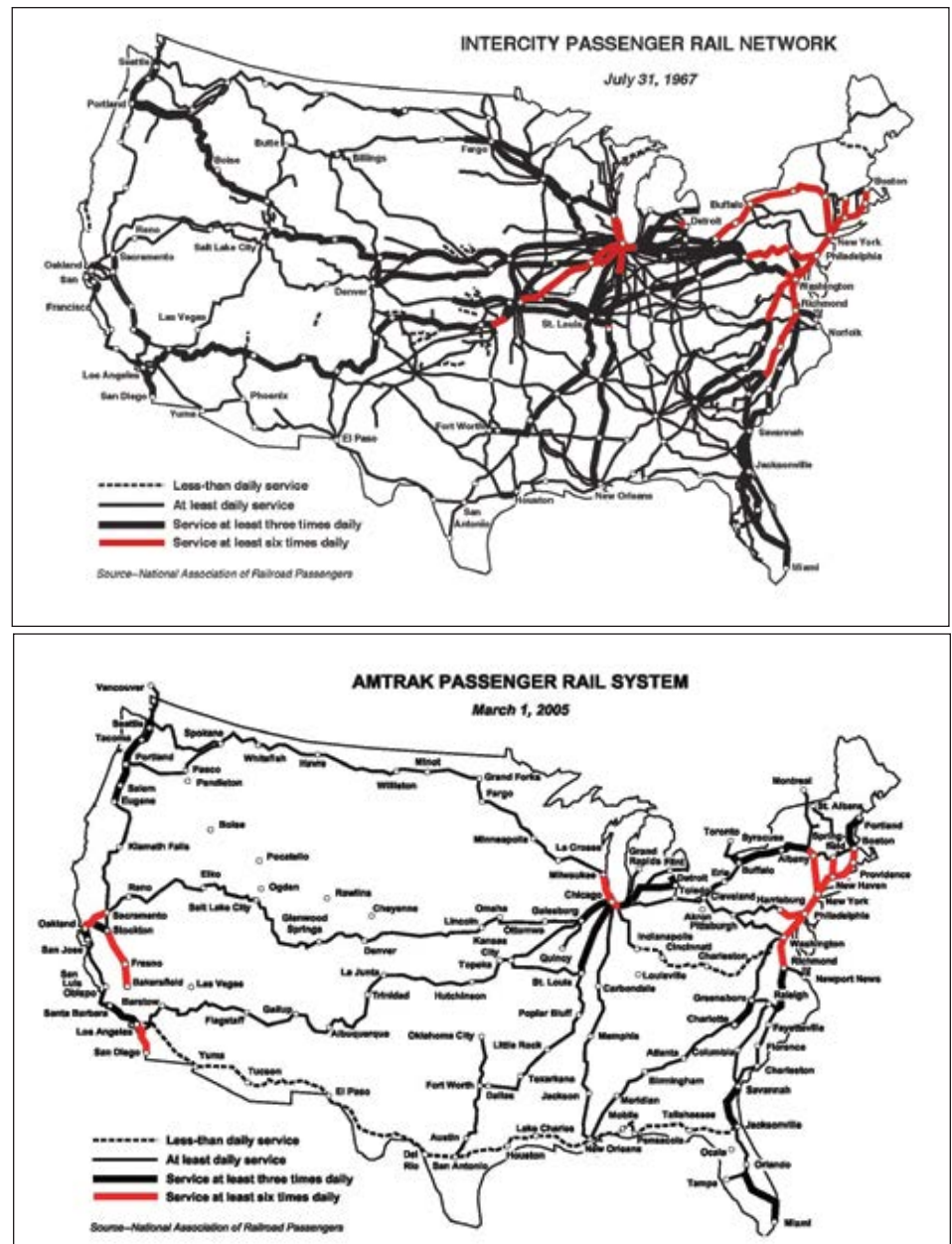
It should therefore be obvious, that any political figure who does not grasp, and concur with the point I have just made, is not competent to serve as President of the U.S.A. at this time.

Once such facts are recognized and understood, there is no real mystery about either the why or the how of the manner in which that aberrant caste-formation, the “Baby Boomers,” was created synthetically inside the U.S.A. and in western Europe beginning the close of World War II. Taking the issues in the light of the alien role of the Baby-Boomer caste, consider the difference between an automobile as a useful tool for certain specific kinds of cases of transportation, and the use of the automobile as a virtually sexual expression of a cult-formation.<sup>8</sup>

7. With the development of magnetic-levitation replacements for friction-rail systems, we have not only touched ground speeds of 300 miles per hour, or greater, but have available methods of handling of freight classification without the accustomed jams of railway freight systems. Under these conditions, the door-to-door lapse of time for medium-haul not only competes with air transport, but is much cheaper in physically-determined costs. So, nuclear-power is inherently less costly, when properly developed and used, than any other mode of fueled system today.

8. There was a time when it could have been said, that, “It is no longer necessary to drive into the woods, or crawl into a rumble-seat, to make babies.”

FIGURE 2  
**Passenger Rail Grid Shrinks Drastically, 1967 to 2005**



Nationwide passenger rail miles fell from 65,852 in 1967, to 21,807 in 2005, a 67% decrease. A map sequence of this decline is available at [www.narprail.org](http://www.narprail.org). Animation-studies of this and other trends were published at [www.larouchepub.com](http://www.larouchepub.com) during 2005, and are archived at the site.

Look at the most relevant expression of not only the obscene noises from the rumble-seat of the past, but today’s proverbial, often rage-driven “nut behind the wheel,” the Baby Boomer today.

## The Boomer as Your Enemy

The emergence of the Baby Boomer generation<sup>9</sup> from its egg-and-early-larval stages, during the late 1960s, and that generation's *neotenuously* quasi-adult phase as "the 68ers,"<sup>10</sup> was the expression of the work of the circles of followers of Aleister Crowley, H.G. Wells, and Bertrand Russell of the 1920s and 1930s. Russell, in the post-World War II decades, emphasized his continuation of the Wells-Russell project which Russell identified publicly as his contribution to World Government established through Nuclear Warfare, beginning in his contribution to the September 1946 issue of the *Bulletin of the Atomic Scientists*.

The Bertrand Russell of the late 1940s and beyond, while lacking Wells' earthy ways, but equally nasty in other respects, was, essentially, echoing both H.G. Wells' *The Open Conspiracy* and *The Shape of Things to Come*.<sup>11</sup> By the end of the war, with Wells dead, Russell carried on through such channels as the later establishment of his penetration of the Soviet Union through his World Parliamentarians for World Government, and through the Club of Rome-linked, Laxenberg, Austria International Institute for Applied Systems Analysis (IIASA) as an outlet for the

9. In essential respects, a generation which appeared, as a generation of "white collar" attributes, during the post-war interval 1945-1958, between the "book-ends" of V-E and V-J days, on the one side, and the relative depths of the 1957-58 recession, a generation which fits roughly, as a caste-formation, into the categories of two books from the 1950s, *White Collar* and *The Organization Man*, and from the influence of such devotees of the evil H.G. Wells and Bertrand Russell as Professor Norbert Wiener, and John von Neumann. The Anglo-American cult (e.g., the Congress for Cultural Freedom) of the systemic irrationalism of the Frankfurt School existentialism of Heidegger, Theodor Adorno, Hannah Arendt, and cult-writings such as *The Authoritarian Personality*, is among the notable markers of that trans-Atlantic cult-formation.

10. The use of the issues of the Vietnam War in lowering the voting age, is a correlative of the factor of neoteny (e.g., *The Lord of the Flies*) in the emergence of the Baby-Boomer caste.

11. The actual origin of the Fabian Society's influence in shaping the plans for World Wars I and II was the same H.G. Wells, trained under Julian Huxley's grandfather. Wells' *The Open Conspiracy* of 1928, and Russell's endorsement of its theses is notable; but it is with Wells' 1933 draft of the warfare-scenario of *The Shape of Things to Come* that the war issue is made clear. It is these schemes by the Fabian Wells and Russell which are the context of the intention which created the synthetic cult of the Baby-Boomer generation as a caste-formation now popularly referenced as "the 68ers." Beginning his invitation to Soviet General Secretary Nikita Khrushchev to participate in Russell's meeting of World Parliamentarians for World Government, Russell emerged as a chief architect of both the plans for thermonuclear confrontation with the Soviet Union and the breakup of the Soviet Union under Gorbachov.

influence of Russell's Cambridge Systems Analysis cult's penetration of the Soviet system, and beyond.<sup>12</sup> This same crew played a crucial leading part, together with Britain's Prince Philip and his crony, *former SS official* Prince Bernhard of the Netherlands, and, thus, with Dame Margaret Mead, in the creating and continuing sponsoring of the Club of Rome and related associations such as the World Wildlife Fund.<sup>13</sup>

If you wish to ask, what was Russell's motive, read relevant excerpts taken from<sup>14</sup> Russell's *Prospects of Industrial Civilization*<sup>15</sup> and his later *The Impact of Science on Society*.<sup>16</sup>

From the former, read: "The decay of individual passions brings with it, first of all, a diminution of individuality. In a thoroughly industrialized community, such as the United States, there is little appreciable difference between one person and another;... A lunatic who kills his wife with every circumstance of horror, is a public benefactor, since he livens things up."

Then, from Russell's *Impact of Science on Society*, consider the revealing following excerpts:

"Bad times, you say, are exceptional, and can be dealt with by exceptional methods. This has been more or less true during the honeymoon period of industrialism, but it will not remain true unless the increase of population can be enormously diminished.

12. The same Soviet and Euro-oligarchical circles associated with British penetration of the Soviet system by IIASA overlap those leading Soviet personnel who brought about British agent George Soros' penetration of Russia during the 1990s.

13. An embittered enemy of mine from Columbia University days, the late, and thoroughly evil Dame Margaret Mead, a former backer of Professor Norbert Wiener's RLE operations at MIT and kindred operations, was wielding what was quite literally her witch's staff, as she pursued my then-future wife, the still athletic Helga Zepp, with Mead's witch's staff through the premises of a 1974 conference on world population control at Bucharest, Romania. Helga pranced merrily in great amusement at the spectacle of Mead's efforts to appear monstrous without the means to actually reach a Helga who pranced always at a safe distance from the lurching hulk of Mead. Then German journalist Helga had challenged conference spokesman John D. Rockefeller III on the Nazi precedents for what he was promoting there. Mead who had once come in Samoa, was no longer amused.

14. The following, referenced excerpts from Russell's published writings have been taken from a 1980 book compiled by a team of writers assigned by me to compile this report; the nominal author who assumed the position of editor for this project was Carol White: *The New Dark Ages Conspiracy* (New York: New Benjamin Franklin Publishing Company, 1980).

15. (London: George Allen and Unwin, 1923).

16. (New York: Simon & Schuster, 1953).

At present [1953] the population of the world is increasing at about 58,000 per diem. War, so far, has had no very great effect on this increase, which continued through each of the world wars.... War ... has hitherto been disappointing in this respect ... but perhaps bacteriological war may prove more effective. If a Black Death could spread throughout the world once in every generation, survivors could procreate freely without making the world too full.... The state of affairs might be somewhat unpleasant, but what of it? Really high-minded people are indifferent to happiness, especially other people's." Russell yearns for a world controlled by a medieval aristocracy, in which "the present urban and industrial centers will have become derelict, and their inhabitants, if still alive, will have reverted to the peasant hardships of their medieval ancestors."

Then, in the same book, he presents his own personal motives, his British oligarchical hatred directed against our United States:

"As for public life, when I first became politically conscious Gladstone and Disraeli still confronted each other amid Victorian solidities, the British Empire seemed eternal, the country was rich, aristocratic, and growing richer.... For an old man, with such a background, it is difficult to feel at home in a world of ... American supremacy."

In reading those quoted passages, you must remind yourself, that the attitude expressed by Russell is not that of some isolated case of a British eccentric; Russell is, as I have emphasized at the outset of this report, a key figure among those who have largely shaped the policies of contemporary post-Nineteenth-Century Liberalism, especially that of the English-speaking world.

The entire Liberal establishment of the United States, when the term "Liberal" is properly employed, is a product of precisely that British Liberalism which the aristocratic Russell not only typifies, but in which he has



*Sir Bertrand Russell was just as nasty as H.G. Wells, and continued the latter's efforts for utopian World Government.*

played a very large part, together with the Fabian Society and his more earthy, plebeian political sibling H.G. Wells. What I have cited from his writings in this location is typical of the kind of thinking we meet today in the public expressions of the Royal Consort, Prince Philip, of World Wildlife Fund (WWF) notoriety, and with Philip's late close associate, Nazi-SS veteran Prince Bernhard, or with the views expressed by Prince Charles and Charles' lackey, and former U.S. Vice-President, Al Gore.

Against such evil fellows as those British types and their American flunkies, the silly variety of typical U.S. citizen, with his so-called "practical" opinions, is virtually "putty in their hands," is a poor fellow

who believes almost any piece of sophist "explanation" by which he is cheating himself of his liberty, and, perhaps, his life, and that of his family, too. The American fool of that type, is his own worst enemy, who does not recognize the Satanic quality of the British imperial crowd which Russell describes with such brutal candor.

To understand the significance of the crisis of the U.S. auto industry, we must clear away the fog of popular delusions which envelop and protect the intention expressed by Britain's Prince Philip and his late accomplice, Nazi-SS veteran Prince Bernhard's role behind the project of the World Wildlife Fund, to continue the intentions of Adolf Hitler's regime by reducing the present world population from a level of about six-and-a-half billions, to about two billions persons.<sup>17</sup>

17. On the occasion of his marriage to the Dutch princess (January, 1937), Bernhard signed his letter of resignation from the Nazi-SS to Hitler personally with a salutary "Heil Hitler!" In those days Nazis were popular with Anglo-Dutch leading circles, including, for a time, Winston Churchill himself. Why not? After all, it had been Hjalmar Schacht's sponsor, Bank of England chief, Brown Brothers, Harriman associate, Montagu Norman who had orchestrated bringing Hitler into power, during times prior to the Nazis' breaking the eastern boundary of France's and the Netherlands' borders.

Ignorant people in high places in Europe or the Americas, believe that simple financial profit and the like, are the glue which holds imperial passions, such as those of the British Empire, together. On the contrary, it is the same aristocratic principle affirmed by Russell, the security of a social system of aristocratic world rule, which is the underlying motive of the feudalist imperial power, not the mere financial gain as such which the Anglo-Dutch Liberal financier interest treasures as the principal economic interest of imperial power. The financier robber-baron of the Anglo-Dutch Liberal stripe, or a similarly corrupted American, desires nothing as passionately as being “born again” as a “Euro-aristocrat.”<sup>18</sup> It is those systems, including physical-economic progress, which tend to undermine the power of international monetarist usury, which imperial agents such as Prince Philip are determined to destroy, if they can not prevent them.

The foolish American fails to recognize that the United States has never been menaced by any actually formidable, ultimate enemy, who was not essentially a tool of that British Empire which had set the Japan of 1895-1945 for war against us, and others, and which is setting us up for similar sorts of surrogates’ attacks upon us right now.

How and why do you imagine that Prime Minister Tony Blair, through lies and possibly a relevant assassination of one who exposed his fraud, induced the U.S.A. to buy a pack of British lies which brought us, under Dick Cheney’s pawn, silly President George W. Bush, Jr., into a long wasting war in Iraq during which we virtually lost our U.S.A. ground forces, while also thoroughly wrecking what had remained of our U.S. economy.<sup>19</sup>

There are numerous bad Americans, but the bad Americans would not have succeeded in ruining us as they have done, but for far too many just-plain-dumb Americans, including some Harvard graduates, especially those of the Baby Boomer class.

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18. Imagine a figure such as the notable “Greasy-thumbed Guzik” being “born again” as “Lord Chicago.” The late Max Fisher might say, either “Why not?” or “Kill him as one who has become an inconvenient person.”

19. Look at the peerage scandals under Blair’s ministry. Imagine, the presently unlikely case in which the present Prime Minister is being recreated as “Lord George.” Ah, where is our dear Jonathan Swift when we need him? After all, George H.W. Bush was knighted. Is it possible that rancher George W., Jr. might be elevated to the rank of squire?

Think of the things to which I have just pointed, and you may be on the verge of understanding the current crisis in the cult of American auto-eroticism.

### **The Myth of the Automobile**

Since the aftermath of the Napoleonic wars, the center of all credible threats to a British empire with Habsburg appendages trailing after, has been the United States of America’s role as a bastion of the kind of alternative expressed by the intentional design of our Federal Constitution, its Preamble most notably. It is on exactly this point, that any competent understanding of the causes for the rise and fall of the U.S. auto industry depends, and that absolutely. There can be no competent psychological understanding of the recent crisis of that auto industry, and of the cure of that sickness, from any different standpoint.

There are two principal aspects of that cause of conflict at this present time. First, uppermost, is the British Empire’s persuasion that its successful corruption of the U.S.A. culture has brought the U.S. into the pitiable condition at which London’s assets, such as the ideologues Felix Rohatyn and London’s own leading drug-trade-pusher and foreign agent George Soros could bring down the U.S.A. once and for all, thus clearing the way for the elimination of other obstacles, such as China, India, and Russia. Second, is the orchestration of the social-political-cultural processes inside the U.S.A. which are intended to ruin the U.S.A. to British advantage as from the inside. The auto-industry case is exemplary, for this reason.

Today, there is a cry to save our automobile industry. That is a childish far cry from reality, and I am well-qualified to speak of this, since I have the hashmarks of a leader in the recent economic war to end the insanity which Ford’s McNamara and Wall Street control of General Motors caused, my commitment to save the actually useful features of that industry, as I gained those stripes, in February 2006, when the leaders of the Congress and most leaders of the major parties had thrown the entire industry on the dump, all on the orders of swindlers like Felix Rohatyn. What had I said about that issue since the end of 2004 and the very beginning of 2005? Let us consult the record, and ask: who was right, and who did, and is still doing wrong?

Let us also settle accounts with the foolish people who propose to save that industry itself, rather than

save the machine-tool capability of which that industry is merely an aspect.

I said, again and again:

I said that we could not save the auto industry on its present scale of operations. Try that, and you not only lose that industry, but you wreck the chances for organizing a recovery of a U.S. economy which is already careening down the highway toward bankruptcy Hell. Some idiots (or, worse) listened to the Felix Rohatyn of Pinochet fame; you can blame them, if you wish, but you should really blame yourself for being either stupid enough, cowardly enough, or crooked enough to believe him. I said, repeatedly, we must save the auto industry by taking it back to its roots, to the development of the machine-tool industry which created the auto industry as one of its many lines of products.

Stop using the silly name used by the usually silly variety of so-called management consultants: “Auto Industry.” Say, instead, “That machine-tool sector which enabled us to win World War II, while also rescuing the U.S. economy from the great Depression which Coolidge and Hoover built.”

I said then, that we must hive off, for other employment, those sections of what is called the “auto industry,” which contain two elements. First, and foremost: the machine-tool design sector as such. Secondly, and that only secondly, the portion of the general manufacturing labor-force which is associated with those relevant elements of the machine-tool sector which must be redirected back to the kind of manifold missions that sector fulfilled during periods such as World Wars I and II. We earmarked specific plants of the so-called auto industry, which should be reclassified to this effect.

In presenting this specific subject-matter, I must also point out the way in which the auto industry was wrecked from the inside, as since the days of that misguided accountant, Robert “Slickum” McNamara, relative to the development of the auto industry in Asia, notably Japan and Korea, and, to a significant degree in pre-1989 Germany. It was the U.S.A.’s playing down the crucial role which must be played by emphasis on scientifically advanced machine-tool design, which set up that U.S. industry for its downfall. In effect, General Motors wrecked the railroads, and then, by the same methods, bankrupted itself.

The first step toward saving that sector of the U.S.



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*A skilled technician works on the Northstar V8 SC engine for General Motors. What’s crucial about the auto industry is not that it makes cars, but that it represents a core machine-tool development potential. As shown in World War II, that capability can be used to build virtually anything, from airplanes to nuclear power plants, provided the national leadership exists to make it happen*

economy now, is to get rid of the financier interests which have had full responsibility for wrecking and looting that industry in the first place. Get the paws of Felix Rohatyn and his like out of all strategically important aspects of the U.S. economy.

In 2004-2005, I proposed that the U.S. Federal Government, which has the primary responsibility for that basic economic infrastructure which silly incumbent U.S. governments have been casting adrift since 1967-68, must, like the legendary Rip Van Winkle, come awake again, to create the categories of infrastructure which we have lost to deliberate ruin, by attrition and intentional neglect over the now nearly forty years of Federal lunacy and the reign of the Baby-Boomer sect of former Vice-President Al Gore, et al.

Large-scale water management, such as the desper-



WHPO/Yoichi R. Okamoto

*Robert "Slickum" McNamara, with his MBA from Harvard Business School, wrecked the Ford Motor Co. (1946-1962), using accounting methods comparable to the insane "body count" methods he would later use in the Vietnam War, as Secretary of Defense. He is shown here in 1964.*

ately needed rescue of the Mississippi basin which drains the area of the nation between the two principal North-South riparian systems. Get the trucks and private autos largely off the highway to national ruin, by providing a modern rail- or maglev-based transcontinental transport system for the principal modes of transport of passengers and freight. Get out of the rustbin by launching a national nuclear-power network, the only economically competent system available for today and our future, and instead of relying upon the less efficient, and much more costly imported petroleum for power, use high-energy-flux-density nuclear power systems to generate local and regional supplies of hydrogen-based synthetic fuels for aircraft and automobiles, in addition to producing fuels for regional

heating and air conditioning in the principal local and regional areas of habitation. Use these types of large-scale Federal and auxiliary state and local infrastructure projects to generate expanded agriculture and manufacturing, while ending the monstrously silly and wasteful overgrowth of "white collar" employment, by returning to emphasis on actually productive forms of employment, with emphasis on increased rations of employment in categories of all-purpose machine-tool design and experiment.

Under such programs, the ration of automobiles required, per capita, per square kilometer, and per hour of the per-capita day, would be reduced to a sizeable fraction of the current ratio. Hours per day of commuting time would be eliminated, or substantially reduced, giving children their parents back again, and ending the situation in which it is difficult for adults to recall exactly whom they can recall as the identity of their spouse.

Let's get back to being human again.

Therefore, let's divide the form of machine-tool design and related categories between a shrunken auto industry employment, and a greatly expanded variety of alternatives, once again. Let us save the states, cities, and other local communities, and families, we are presently permitting to be destroyed, destroyed through policies of people such as Felix Rohatyn and Britain's anti-American agent, and drug-traffic promoter George Soros. Let us put the full capacity of what some people thought was just an auto industry back into operation again, by putting the emphasis on the principle of science-driven machine-tool design, rather than taking in each other's laundry, if you still have laundry worth washing.

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#### 4. The Case of Russia in Eurasia

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*As we turn our attention now to Eurasia, with emphasis on the role of Eurasian Russia in Asia generally, we must not lose sight of the fact that this chapter's discussion addresses a situation in which the so-called Baby-Boomer generation, with its strategic factor of neoteny, is a leading controlling factor, functionally, of that generation's presently dominant role in several governments, and therefore a crucial factor of the 1968-2008 crisis in the world as a whole. The Baby Boomer factor, the factor of neoteny, is key for understanding the presently manifest sheer lunacy of the*

current behavior of the U.S. government, the leading U.S. political parties, the special, controlling role of the British government's BAE and related connections to the crucial role of Saudi Arabia, and the sheer lunacy steering the present international monetary-financial situation.

Back during the 1970s, I had a New York City meeting with an Israeli gentleman who was one of the celebrated statesmen of the preceding decades. At one point, he put in a word of caution: Do not forget that some leaders of the region (to which our conversation was devoted) "are clinically insane." He expanded; I could not but agree.

The case of Russia in Eurasia is a phase-spatial aspect of a world situation which, itself, is dominated by the "Baby Boomer" factor in, especially, the Americas and western and central Europe. Such are the dynamics of the present world situation. Worse than insane individual heads of state or government, is the insanity of a dominant layer of several governments, a layer like the neotenous Baby-Boomer element dominating key institutions of a number of crucially important governments today. The recent incident in Georgia should remind us, that this factor of insanity is a factor with which Russia, in particular, is contending today, not only in Georgia.

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As a citizen of the U.S.A., I am worrying about the security of a nation which should be a key, cooperating partner of the U.S.A., Russia. Russia's economic security is therefore an important part of U.S. strategic self-interests. My worry is not just about Russians. It is my worry about the important physical-economic role which Russia must play in the present and future economy of the world at large, and, also, how the lack of progress in this area affects the U.S.A. I am worrying about a lack of truly modern Russian successes in the



Courtesy of Dr. Sergei Cherkasov and Academician Dmitri Rundqvist

*An oil-drilling site in Siberia. Russia's disproportionate reliance on its natural resources is a problem that should concern us all.*

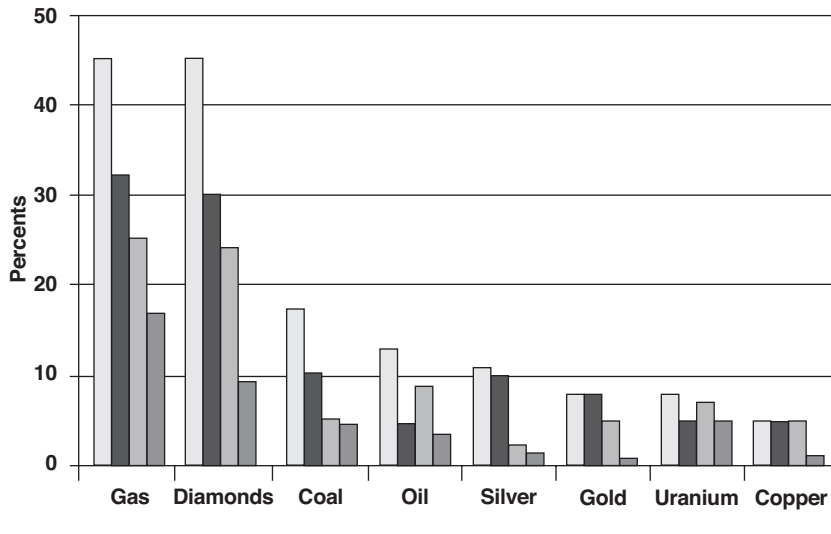
area of non-military production there, and, therefore, my worry about Russia's tendency toward disproportionate economic reliance on what are otherwise, admittedly, its treasures of natural resources.

This is a Russian problem; but, the effect which should concern us the most, is the fact that the problem involved is essentially global. This is the case, since Russia is the keystone of the entire Eurasian continental system of economic development, and its agricultural and machine-tool grade manufacturing capabilities ought to be recognized as a much-needed, contributing factor for the survival of the world economy as a whole.

The crucial conceptual problem which I am addressing at this point in this report, is a prevalent failure in theoretical economics, one which is generic for the prevalent systems of accounting and physical economy, in nearly all cases, world-wide today. For example: no nation appears to have become capable, so far, of understanding the true meaning of "profit." In fact, because of the influence of monetarist forces in financial accounting over thinking about today's economic theory, and related governmental programs, today's taught economics is intrinsically incompetent in respect to the tasks posed by the physical results needed, per capita and per square kilometer of the territory of nations.

TABLE 1

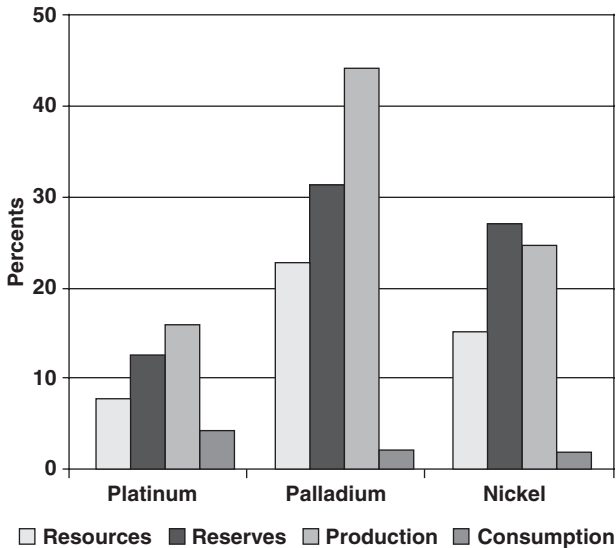
**Russia's Share of World Resource and Reserves vs. Production and Consumption**



Courtesy of Dr. Sergei Cherkasov and Academician Dmitri Rundqvist

TABLE 2

**Russia's Share of Platinum Group Metals, Resources and Reserves, vs. Production and Consumption**



Courtesy of Dr. Sergei Cherkasov and Academician Dmitri Rundqvist

*The other name for that problem is: a lack of mastery of true, individual, human creativity.*

The world we have entered since the financial crises of 1997-98, is a different world than existed earlier. Al-

though the trend in the world economy since 1968-73 was, indeed, already insane, the continuing decay in both leading institutions and in the shift of power in government and corporate life, toward the Baby-Boomer generation, has introduced a growing factor of sheer insanity into the world system, such that the already bad systems of the late 1960s and early 1970s, were shifted into a condition of sheer insanity under the changes in international economy under the impact of the role of the Trilateral Commission's violently destructive influence on the international monetary-financial and economic-social systems. What had been the onset of cancer in the body of the patient, has become the patient.

Thus, the problem now is, that the concept of true scientific and related creativity as such, is not a concept in-

cluded, even in a peripheral way, in the language of the practiced economic doctrines of nations, or economists generally, today. On close scrutiny, in the leading economic circles of most nations, today, the term "economic science" usually means, ordinary, green-eye-shade traditions of ordinary financial accounting, or simply a consulting charlatan's sales-pitch, dressed up, for the edification of the credulous, as if with some silly frills integrated into an ill-fitting clown suit. Under presently deteriorating conditions, even traditional accounting practice itself becomes, clinically, insanity.

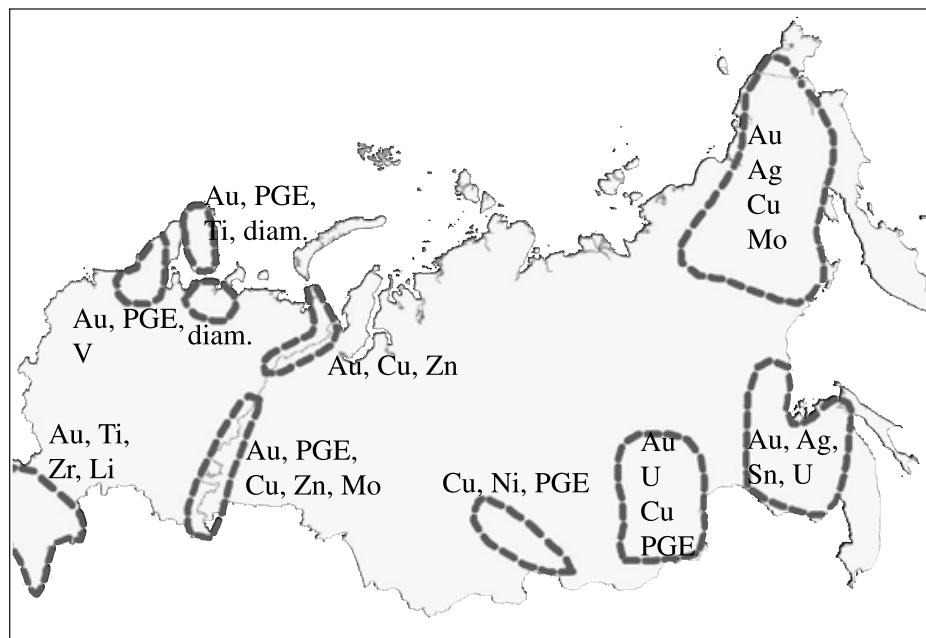
The magic word which best identifies what the experts of most nations have lacked, even before the developments of late 1960s and 1970s, is, so to speak, "creativity." "Creativity," which is the crucial issue of this report on required economic measures, is properly defined, descriptively, as the essential, absolute difference between man and beast. The problem which I am emphasizing here, is one whose origins have arisen from that kind of lack of creativity. Even among leaders of nations, and many scientists as well, there was already a lack of knowledge of that which has been denied by what that great Classical tragedian Aeschylus portrayed as the evil Olympian Zeus of Aeschylus' drama *Prometheus Bound*.

For as long as a significant factor of actual physical productivity gains was influential within the worsen-



FIGURE 3

### General Results of Russian Academy of Sciences Program on Large and Superlarge Mineral Deposits



Courtesy of Dr. Sergei Cherkasov and Academician Dmitri Rundqvist

ing crisis situation of the late 1960s, as long as the manned Moon landing was still a theme in popular opinion, there was an element of sanity in policy-making, an element of sanity which vanished over the interval of the U.S. Carter Administration. With the rise of “environmentalism” and “globalization,” the factor of traditional sanity seemed to go down the drain. However, the corrupting factor was, in principle, an ancient one, as Classical Greek tragedy should remind us.

In *Prometheus Bound*, Aeschylus had portrayed that Olympian tyrant Zeus as torturing Prometheus for the alleged “crime” of imparting knowledge of the use of “fire” to mortal men and women. In real history, most societies have been ruled by agencies, which, like the Olympian Zeus of that drama, forbade the individual members of the mass of the subject population from discovering those principles of nature which fit that drama’s category of “fire.”

What is called “globalization” is a swindle intended for a kindred sort of anti-humanistic effect. In that case, the avowed intention of the British and other ideologues involved today, is that every nation should depend upon the production by other nations for even its food sup-

plies and other subsistence. This is the design for a global form of a “Tower of Bable,” in which financial speculators sit between and prey upon the flow of goods from farmer to eater, paying the least amount, and extracting the highest price at the consumer-end of the flow.

For most of the societies, and their cultures of which we have actual knowledge, including most European nations and the U.S.A. today, not only are the so-called lower economic strata condemned to this suppression of their human creative potential. Even the most powerful ruling circles, while better informed in some respects, have no actual knowledge of those kinds of principles of creativity which the Olympian Zeus demanded be hidden.

Since the problem of creativity is essentially a matter of social relations, social processes, the best insight into this problem is usually found not among physical scientists today, but in the great Classical tragedies of ancient Greece and the modern dramas of Shakespeare and Friedrich Schiller. Like the mortal men and women of Homer’s *Iliad*, or the great Classical Greek tragedies, the mortal members of society, usually extended from the highest political ranks to the lowest social grades, are victims of what are for them “invisible forces,” forces corresponding to the imaginary evil gods who dominate the mortals of the *Iliad*, or the echoes of the same view of tragedy by the Classical Greek tragedians, or by the characters of each of the tragedies of Shakespeare.

Contrary to modern English-speaking and kindred Romantics, the true principle of Classical tragedy is that it is virtually the entire society which is self-doomed by the controlling role of mental habits and adopted beliefs which prevent virtually all of the members of society, as in the Schiller-Verdi *Don Carlos*, from acting in what should have been the obvious way of freeing oneself and one’s society from the grip of those customs and related beliefs of the so-

ciety virtually as a whole, which would cause the society as a whole to virtually destroy itself, rather than offend one of those accustomed beliefs.<sup>20</sup>

So, the tragedy of European civilization, over the interval from the 1890 discharge of Chancellor Otto von Bismarck, a discharge done in the interest of the Kaiser's uncle, Prince of Wales Edward Albert, condemned Europe to two World Wars, to the rise of Mussolini and Hitler, to the so-called "Cold War" of 1945-1989, and the threat of a new such "world war" today. The typically tragic modern fool of today, responds to that fact, by saying, "What British empire? I don't see a British empire."

It was not ignorance as such which caused such tragedies, in real life, or on the Classical stage. It was the Sophistry of accustomed belief, or so-called "popular traditions," of belief like that of the mortals of the *Iliad* or later Greek tragedies, in the existence and the will of the "gods."

This practice of "traditionalist" suppression of the creative mental potentials of the majority of the subject population, has been the characteristic of the known imperial systems of western Asia, and their European successors, since the evil Delphi cult of Gaea-Python, or Apollo-Dionysus. This was the Roman Empire, Byzantium, the Venetian-Norman system of the Crusaders and their Venetian loan-shark financiers, and of the efforts to revive such imperial systems, such as the Anglo-Dutch Liberal finance-imperial system of modern times.

Thus, society imprisons and repeatedly destroys itself for the sake of obedience to the implicitly perceived pleasure of the pagan household gods of each relevant culture's version of a Pantheon.

In the Liberal form of imperialism, which was crafted by Paolo Sarpi in the form of northern European culture known as Anglo-Dutch imperial Liberalism, the same suppression of the human knowledge of the actually creative powers specific to the individual human mind, has appeared in a relatively new guise. The phrase, "magic of the marketplace," is typical of the modern Sophist's suppression of knowledge of the role of human individual creativity in generating that physical and cultural innovation on which all increases of the productive powers of labor depend, per capita and per square kilometer of territory.

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20. Schiller-Verdi: "Beware the Grand Inquisitor!"

## To Free Humanity

To secure those urgent goals urgently required for today, we must uproot all vestiges of the inherently tragic, recent drive toward "globalization," not only to return to emphasis on the role of the perfectly sovereign nation-state *and its culture*, but also to do this from the standpoint already expressed by the principle of the 1648 Peace of Westphalia. In other words, a system of respectively sovereign nation-states bound together by *the common principle of the benefit of the other*.

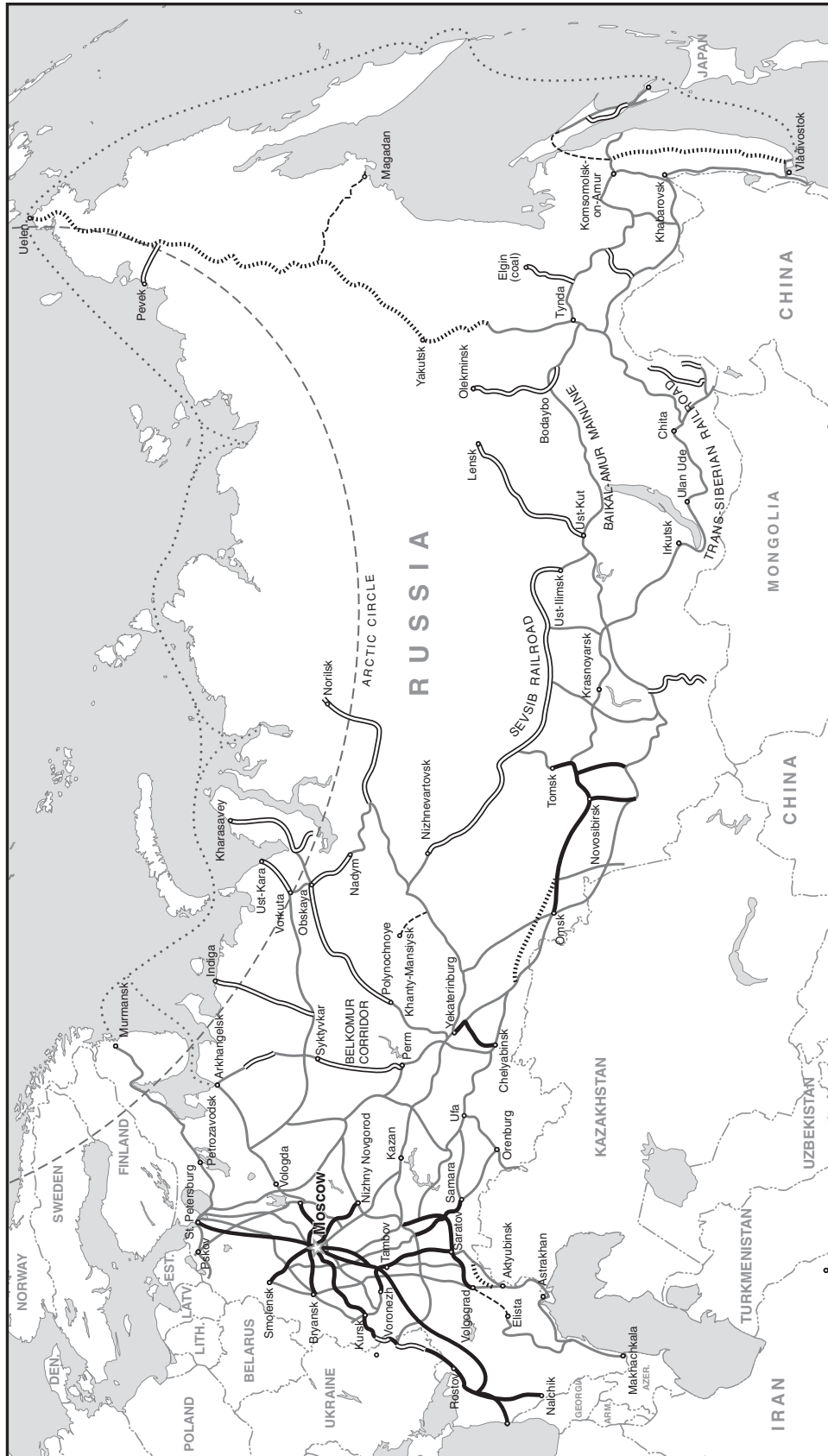
This confronts us with four leading, shared challenges for the planet as a whole.

- 1.) *Raising the price of labor to the levels of national productivity at which prices are not driven so low "competitively," that some nations, largely representing the great majority of humanity, can not afford to employ the lower eighty percentile of their populations, by commitment to developing modern standards for standard of life and employment of the entire national population. This means high rates, per capita and per square kilometer of scientific and technological progress embodied within the body of production. This is achieved through investing the marginal increase in protected price, in increasing the productivity of all parts of the population, including what are presently the poorest.*
- 2.) *Developing the raw materials of the planet to such effect that all nations will be assured reasonable access to the purpose of providing the raw materials required for the uplifting of the preponderance of their population as a whole.*
- 3.) *The rates of development of raw materials, throughout the planet as a whole, must be advanced for the benefit of the population of the nations as a whole.*
- 4.) *The rates of scientific progress needed to realize those objectives must be supported.*

The territory of Russia and adjoining nations of Eurasia and its nearby waters, embodies a crucial part of both the development of raw materials and scientific progress needed by neighboring nations of Asia. The crucial thing is not access to the land-area in which

FIGURE 4

**Planned Russian Railroad Development of 2030**



- Existing railroads
- Planned high-speed rail corridors
- New freight railroads
- New railroads of social importance
- New railroads of strategic importance
- Northern sea route

To reverse the 1990s looting of Russia, and the ongoing excessive emphasis on harvesting so-called “natural resources,” requires expansion of scientific progress in production, including the development of infrastructure. This EIR map of projected rail construction is based on a Russian Railways map titled “Prospective Topology of the Russian Federation’s Rail Network Development until 2030.” Among the “railroads of strategic importance,” planned for construction between 2015 and 2030, is the line from the Lena River near Yakutsk to the Bering Strait at Ulen. From there, in cooperation with the United States, a rail-tunnel should be built across the Strait, to Alaska.

such resources lie, but the quality of fundamental scientific progress needed to gather such resources and process them in ways suited for the needs of both Russia and its neighbors.

Therefore, in the case of Russia itself, it is the underdevelopment of Russia's previously established, relatively unique scientific potential in large categories of science and technology, which calls our attention to the terribly destructive, and vicious effects of the looting of the territory and scientific institutions of the former Soviet Union during the greater part of the decade of the 1990s.

Therefore, the limitation of economic goals to proportionately excessive emphasis on harvesting of so-called "natural resources," is a hazardous enterprise in the end. I explain here, echoing what I have stated in my recently published *Russia's Role in a Recovery*.<sup>21</sup> Russia's management of raw materials from an advanced scientific standpoint, is clearly of crucial importance for both Russia and its neighbors. The present danger, is that, presently, the dependency on a flow of income from export of raw materials, becomes an extremely problematic course over a period of the medium term. The balance must be adjusted, to put advanced productive goals for scientific progress in production, and expansion of the productive base, to a higher place on the agenda, not merely for economic reasons, but for the continued overall cultural viability of Russia itself.

As I expressed this on public occasions such as my notable Berlin Kempinski Hotel address of October 12, 1988, it was clear to me, then, as a U.S. figure engaged in relevant policy discussions of prospects for future cooperation between the Soviet Union and both the U.S.A. and Europe. This option existed, but only in the case that the U.S.A., Britain, and France's President Mitterrand, had not adopted their savage ruin and looting of the former Soviet Union, and of Ger-



EIRNS/Rachel Douglas

*"We who are civilized," LaRouche writes, "must assume the moral and intellectual leadership in treating what should be considered by coming generations as the common aims of mankind." Shown, LaRouche (right) in Moscow in 1994, with the late Pobisk G. Kuznetsov, a leader of the Russian scientific community. LaRouche addressed Kuznetsov's "President" group, at the Academy of Sciences.*

many and the former Comecon states, a looting which was effected through what became the Maastricht doctrine and adjunct measures targeting continental Europe, including Russia. This looting was greatly aided through the British use of its foreign agent George Soros, to wreck the European Rate Mechanism. Consequently, the per capita condition of life in relevant parts of the Eurasian continent would have been progressive, as opposed to the vast, mass-murderous orgy of economic rape targeting Germany as also the former Comecon nations, a looting which has been fostered through Soros' accomplices during that decade, and longer.

My forecasts of the trend leading into 1989 had been on the books of nations, so to speak, since 1983,<sup>22</sup> when I forecast the danger of a Soviet economic col-

22. That forecast was first delivered, by me, confidentially, in late February 1983, in my discussions with the Soviet representative involved in those exploratory U.S.-Soviet discussions. Later, after things turned nasty in the late Spring, I repeated the forecast publicly, but without referring publicly to the February discussion itself. At that point in the game, I was still bound not to reveal what might be classified materials.

21. See *EIR*, Sept. 5, 2008.

lapse “in about five years” if certain measures were not taken in the meantime. The crash against which I warned took six years, not five, but no one otherwise known publicly, had any idea that such a development could occur. Even when I had forecast, in October 1988, an early 1989 Polish crisis leading to the threatened collapse of the Comecon, and then Russia, later, the U.S. Administration of my personal adversary President George H.W. Bush, showed no inkling of the reality that such developments were already afoot.

As a result of the combination of ignorance and ham-handed follies, by both the U.S.A. and western and central Europe from 1989 on, those nations are now bankrupt, looted paupers compared to their condition then.

From the standpoint of the informed knowledge of competent U.S. circles, economic partnership, on an equitable basis, between the U.S.A. and Russia today, is an indispensable precondition for not only the welfare of those two nations, but, in fact, the world as a whole.

Take into account, but also prepare to put aside, the lunacies which are admittedly rampant in certain circles within the U.S.A. today; we must cooperate between Russia and the U.S., as with other parts of this planet, on the basis of an up-to-date version of the great principle of the Peace of Westphalia. As our great Benjamin Franklin once said of the relations among those North American colonies menaced by the evil British Empire, so the representatives of the U.S.A. and Russia should speak today: “We must, indeed, all hang together or, most assuredly, we shall all hang separately.”

Thus, to illustrate the larger scope of the principle involved, the common interest of the U.S.A., Russia, China, and India, typifies the principle which we must deploy in concert for the purpose of bringing together the sovereign nation-states of this planet as a whole.

That said, as a matter of explanation, most among those in the U.S.A. who may be considered well-informed, do not see a needed present balance among raw materials development, agriculture, manufacturing, science, and basic economic infrastructure in the current direction of Russia’s policy. This is not a matter of a proposed U.S. demand upon Russia, but a well-founded concern for the well-being of Russia as an important partner. We have a mutual interest in Russia’s success in these matters, and should discuss the matter accordingly. Forget the British and their ideological

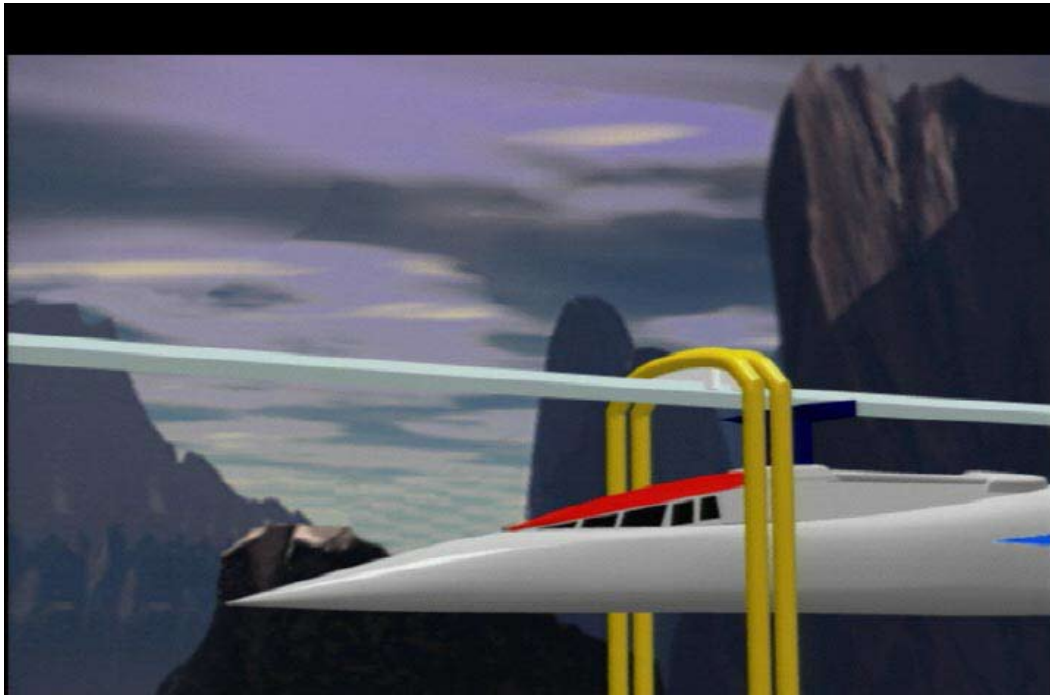
partners for the moment; we who are civilized must assume the moral and intellectual leadership in treating what should be considered by coming generations as the common aims of mankind.

## The Present Crisis In Economics

In the closing sentence of his celebrated 1854 habilitation dissertation, Professor Bernhard Riemann ends the dissertation with a sentence in which he warns that the treatment of the problems of mathematics which he has just identified in the preceding part of the dissertation as a whole, must be transferred from the department of mathematics, to that of physics. Only a minority of scientists since, such as the opponents of modern positivism and of Bertrand Russell’s numerology, opponents of positivism and numerology such as Max Planck and Albert Einstein, have understood the fuller significance of that closing sentence of the *Habilitationschrift*. Students of Aeschylus’ *Prometheus Bound* should understand my point.

Instead, we have been belabored, in university classrooms and elsewhere, with both the dogma of Paolo Sarpi and such of his ideological descendants of the empiricist school, such as Abraham de Moivre, D’Alembert, Leonhard Euler, Lagrange, Laplace, Cauchy, et al., in their silly and arbitrary notion of the so-called “imaginary.” As a result of the influence of such reductionists as the modern empiricists, positivists, or the radical school of Bertrand Russell’s devotees, or the kindred descendants of the ancient Sophists, the idea of a universal principle and its formal expression in mathematical forms, has been lost from most classrooms, despite the precise warning by Albert Einstein, lost to most of even those ranked as scientists.

The practical issue of economy here, is a matter of the actual, ontological implications of the notion of a universal physical principle, as Einstein emphasized this in defining the physical universe as finite, but without external boundaries. These ideas, from the ancient Classical Greeks, as given rebirth by Nicholas of Cusa and his followers, are, as Einstein emphasized, pivoted in the modern classroom on the subject of the uniquely original discovery of the principle of universal gravitation by Kepler, in which the relationship of the universal physical principles which define the universe as experimentally finite, is coupled with the ontologically infinitesimal expression of that principle in experimental practice.



Magnettrain

*Artist's conception of the Magnettrain as it enters a station. The Magnettrain is one proposed design for a magnetic levitation system for high-speed rail, which promises an efficient passenger and freight-handling system to develop the world, link continents, and solve urban traffic congestion.*

This relationship, as Einstein recognized the present-day authority of Kepler's discovery, is reflected in individual human experience as the notion of *creativity*. The discovery of such a principle, which takes the experience out of the more limited domain of earlier experimental knowledge, typifies the quality of the human mind which corresponds, ontologically, to the notion of that human creativity which distinguishes the human individual's mental potentials from the behavioral limitations of the lower forms of life.

The problem which tends to prevent even students trained in physical science from grasping the notion of the experimentally demonstrated existence of anti-entropic creativity, is indoctrination in the reductionist method in the history of mathematics since the aprioristic, Aristotelean hoax of *Euclid's Elements*, or comparable intellectual impedimenta.

Creativity is, ontologically, the valid experimental demonstration of the existence of an efficient, "commandable" principle which lies outside the domain of what was previously considered the self-boundaries of reality. Unfortunately, the modern classroom, including the modern university classroom, is often as dumb as rocks in this matter.

To illustrate that point in a manner relevant to the issues of economy and society treated here, permit me the following, admittedly cute illustration of the point.

### **Captain Nudnik Beams Down**

If you were, for example, a Captain Nudnik from Vega first encountering the human species on Earth, how would you know the difference between, on the one side, men and women, and, on the other side, the beasts? Suppose you, playing the role of that Captain Nudnik, were assigned to breed an intelligent species selected from among the fauna of Earth. Since Nudnik would not speak the local language, how would he know which was which?

He might wish to rely on a notion which is typical of the circles with which Julian Huxley was associated professionally: *potential relative population-density*. Now consider, *the three more obvious of the degrees of freedom which express the essential, absolute distinction of man from beast*.

In animal ecology, there is a balance among the species inhabiting a given territory, such that for each species-variety, there is a definable phase-space of each species (relative to the others) which represents a variable relative boundary condition within which the variable population-potential is fixed (as for example, between foxes and the prey called rabbits). With mankind, this kind of limiting function does not exist; a different kind of boundary-function is pertinent.

For man, there is first, the variability of the function

of simple per-capita values, relative to the environment. Man's expressed power to innovate technologically, changes that function in a way not existing among lower forms of life. On a second level, man is able to offset the depletion of a specific, previously required element of the environment by discoveries of principle in human technique. On a third level, man creates artificial entire environments, even to the extent of creating new elements to become determining features of the society's new environment.

The human mind, by means of a creative faculty which does not exist in the lower forms of life, is able to change its behavior in a fashion associated with the discovery of universal physical principles, principles which transform the mentality of human beings to the same effect we would otherwise expect only in the evolution of a qualitatively higher form of new species.

This specific power of the human mind is unique among all known living species. The included effect of this cognitive evolution, upward, of the human mind, evolution as expressed through science and Classical modes of artistic composition, is the origin of the qualitative increase of the potential relative population-density of the human species.

This evolutionary development through human creativity, has two general, categorical types. Physical science and only Classical modes of artistic composition. The faculty of mind in both cases is the same; the difference is the application. In the one case, the human mind is transforming society's action on nature; in the other, it is the social process of transmission of ideas, which is the medium and mode of creativity.

As to the physical-productive side of this matter, the increase of productivity, through innovations at the point of production, is more readily acknowledged. However, the most significant effects occur in the domain of general, basic economic infrastructure, such as the effect of the shift from Solar power, to the higher level of chemical combustion, to the vastly more efficient (per ton of fuel consumed) use of nuclear-fission power, and the use of more physically efficient modes of transport than automobiles, such as rail or maglev. The greatest part of the gains in productivity are found in the impact of advances in basic economic infrastructure upon physical production, and in the promotion of the development of the powers of insight of the human mind achieved, almost exclusively, through scientific or Classical artistic practices.

It is up to the economist to become as intelligent on this subject-matter of the effect of human creativity on increasing the potential relative population-density of mankind as the legendary, very observant Captain Nudnik.

After all, being stranded on Earth, and, therefore, having nothing much to do otherwise, a poor Nudnik had no choice of occupation so well-suited to his circumstances as studying, and promoting human creative behavior.

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## The Machine-Tool Principle

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The most significant economic activity in production is the production of the means of production themselves. Thus, to limit the latter, as what might be assumed to be an economic measure, for the sake of building automobiles, for example, is utter physical-economic incompetence. Thus, it was the spin-offs from the Kennedy Moon-Landing program, which contributed the relatively highest rate of physical return on investment of virtually all production in the U.S.A. during the relevant period.

Thus, it was failing to put the machine-tool sector associated with the auto industry first and foremost, above the auto industry itself, which was the great idiocy in the economic policy which located the greatest economic benefit of production to be in the cars, rather than the higher technology of the machine-tool sector itself, and the creation of relevant forms of basic economic infrastructure. It is not infrastructure as such which provides this benefit, but the *toll-free public infrastructure* which increases the net productive powers of labor per capita and per square kilometer, for the society as a whole, that at a greater rate than at any point of production investment.

Similarly, it is the employment of Classical artists, physical scientists, and an advancing quality of universal health-care system and pensions, the human aspects of basic economic infrastructure in general, which must enjoy, together with science and the machine-tool sector, the relatively greatest degree of preference in the expenditure and investment by society in all sectors.

The way to higher productivity is not the immediate output of some people, but the development of the general environment defined by the society as a whole, the society within whose development the great catalyst of increased productivity is concentrated.

# Since Sunday, Sept. 7th: Pelosi Democrats Buckle

by Lyndon H. LaRouche, Jr.

September 12, 2008

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*“...but, you can not fool all of the people all of the time.”*

—Abraham Lincoln

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The thuggery of Felix Rohatyn and British agent George Soros’s stooges, Speaker Nancy Pelosi, et al., can turn Democratic ’crats from men and women, into sheep, but they can not make the voters like it. The smell of doom was already quietly surging, like a whisper around Senator Obama’s Presidential-election campaign; now, with Secretary Paulson’s wild-eyed rant of Sunday, September 7th, the whisper has become a roar.

As of this week since Sunday, anyone out there trying to spread “good news,” and to pretend not to see the “bad news,” is getting the contempt they deserve from the electorate. The present world financial system has entered its global-collapse phase, and the Democrats in the U.S. Congress are presently in a process of the kind of defeat the party experienced in the 1988 Presidential election-campaign, or worse.

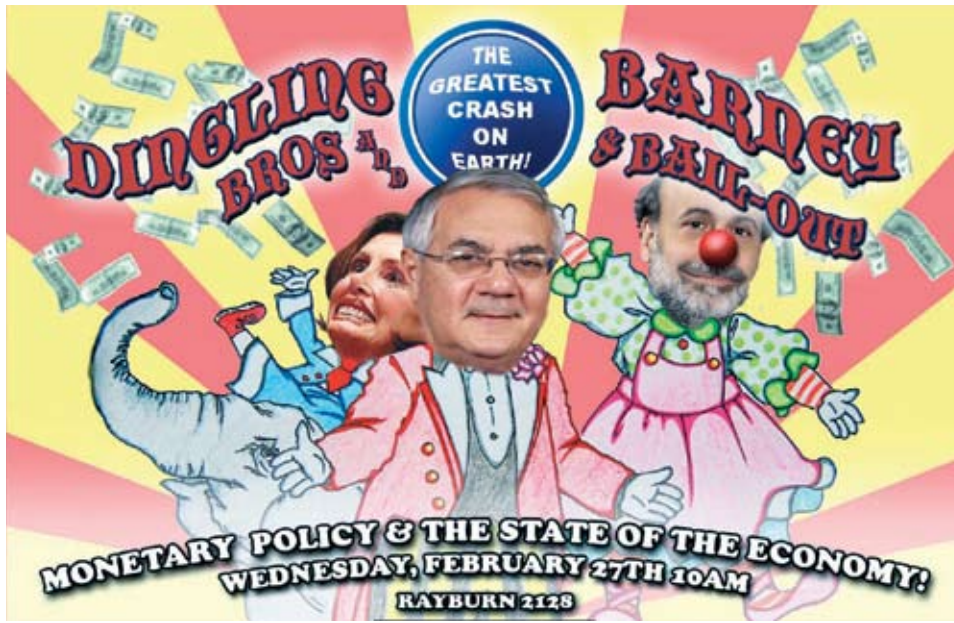
The citizens may not like the bad news coming out of both the economy and official Washington, D.C., but they are showing contempt for anyone who tries to sell them the buncombe of “good news.” This was made very, very clear in the political organizing in the nation’s streets during the weekdays following Treasury Secre-

tary Paulson’s confession of the current Bush Administration’s combined economic and political bankruptcy.

Admittedly, the Presidential campaign of Senator McCain is also a disaster, but just not as much of a disaster as Senator Obama’s. In all of his campaigning for the Presidential nomination and election thus far, Obama has shown no capacity for conceptualizing any of the leading real issues of these times, neither the real issues of the economy and global strategy, nor the issues confronting our citizens in their local communities and homes. The bitterness which the Obama campaign engendered for itself in the role of Rohatyn’s and George Soros’s “patsy,” Speaker Nancy Pelosi, against Senator Hillary Clinton, has created a gulf of bitterness against both Obama and Pelosi which is not going away during the remaining months of this year, or, probably, for years to come.

The difference is, that the Democratic Party has been the reigning incumbent in the U.S. Congress, and the Republicans have not conducted the intrinsically ruinous kind of fratricide which the backers of Obama unleashed against the pre-candidate with the largest popular vote in the primary elections. What was done, putatively on behalf of Senator Obama’s campaign, has been an act of political fratricide which, according to the evidence currently in hand, has discredited, and ruined the Democratic Party for both the Presidential and Congressional campaigns.





IRNS/Chris Jatz

*Don't be fooled by the clownish antics of those, such as Speaker Pelosi, Rep. Barney Frank, and Fed chair Bernanke: There is no "good news" about the greatest bailout on Earth.*

In the meantime, the behavior of Senator Dodd and Representative Barney Frank during the recent thirteen months, in sabotaging every necessary measure for preventing the U.S. national bankruptcy which Secretary Paulson declared, in effect, this past Sunday, has discredited both houses of Congress in the eyes and ears of most members. The likes of Paulson, Dodd, Frank, and Rohatyn, and Soros, have, in effect, destroyed the credibility of the Democratic Party's present Congressional leadership for what could be a long time to come.

Those are the facts of the case at the present time. Now, let us shift our attention to the matter of possible remedies for this situation. Neither Presidential candidate has, thus far, presented any proposal which actually addresses the life-death issues now immediately threatening, not only the U.S.A., but the planet as a whole. What are those issues, and what is the remedy?

If you turn off at this point, because you are one of those very silly people who refuse to report, or even face very bad news, your opinions are pretty much worthless in this present crisis-situation.

### The 'New Dark Age'

The present world financial-monetary and economic system is not only hopelessly bankrupt, but a collapse comparable to that experienced by Weimar Germany is presently in progress, world-wide. Weimar Germany

1923, was largely confined to Germany's borders itself; the present crisis is world-wide, not that of any isolated case, and has no comparable precedent in history since the plunge of Europe into the "New Dark Age" of the middle to late Fourteenth Century.

This kind of crisis does have potential remedies, but those remedies do not correspond to any attempt at business-as-usual. There is no existing good news to be reported as long as we are refusing to face the reality that the recent and present policies of the U.S. government, and of both leading political parties, are now as hope-

lessly bankrupt as the silly opinions of Senator Chris Dodd, Representative Barney Frank, and Secretary Paulson, and most of the so-called leading economists wandering among the streets of Manhattan these days.

Since the time, July 25, 2007, I warned of an immediate eruption of a potential break-down crisis of the U.S. financial system, I presented three measures which would have brought the situation under control, had those measures not been prevented by scoundrels such as Felix Rohatyn and British foreign operations agent George Soros. and by such as Senator Dodd and Representative Frank. Now, as Secretary Paulson's Bush-league lunacy of the past Sunday typifies this, the proverbial "word has gone out," the Democratic and Republican leaders are a disaster from which our republic will not survive, unless we make some dramatic changes now. Since I have proposed those changes, and since events had already vindicated my proposals (conclusively, for any fully sane and literate political figures), there is no reasonable excuse for a failure to make the kinds of changes which I have been proposing, and doing that immediately now.

These changes require the support of much of the politically activated layer of our general citizenry. We could not win the confidence and support of those citizens unless we are willing to admit to those citizens, that the behavior of the Congressional leadership over

the period since my July 25, 2007 webcast has been a national catastrophe. If the Party leaderships do not confess that they have behaved as virtual idiots, intelligent citizens are not going to believe that those politicians are actually willing to make the necessary changes.

It would be helpful, of course, if both leading Presidential candidates, Obama and McCain, would confess publicly; "I really don't know anything about how economies work, so please help me, because we are in a terrible economic crisis caused by the policies our nation has been following during recent decades."

The present, post-1968-1972 world monetary system has been gripped by a consistent decline in the physical economic net-output of the economies of western and central Europe and of the Americas over the entire span of forty years. There have been intervals of apparent financial growth in some nations during those four decades, but when the erosion of infrastructure is taken into account, we should have recognized that the net physical output of these economies, per capita, and per square kilometer of territory of nations, has been in an overall trend of physical decline during this entire span.

The cause for this worsening of the standard of living of the lower eighty-percentile of the U.S. population, in particular, has been twofold. The essential problem has been the effects of the post-1968-1972 changes from a fixed-exchange-rate system, to an intrinsically inflationary floating-exchange-rate system. The net collapse in basic economic infrastructure, during this interval, has been crucial, but also the shift away from emphasis on technological progress toward the decadence of a so-called "post-industrial," "services economy" orientation.

That trend of the recent four decades, must be radically and quickly reversed, or a prolonged new dark age for the planet as a whole were inevitable at this time. This requires practical measures, which I have specified in sundry published locations. It requires an accompanying reversal of the "post-industrial" orientation which has dominated the "post-industrial," "neo-Malthusian," "green," "Baby Boomer" component of the so-called "68er" generation.

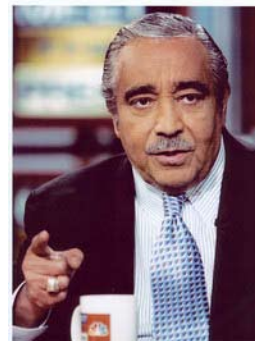
Such a change can be executed, if done in cooperation with leading nations of the world such as Russia, China, and India. Otherwise, the escape from a dark age would not be possible on this planet at this time.

Those, essentially, are my politics, and that is your solution, which, otherwise, does not presently exist.

# Anti-Hillary Cabal Targets Rangel

by Anita Gallagher

The same Wall Street cabal which ran a series of vicious operations to knock out Hillary Clinton as the Democratic Presidential candidate, is now targetting for defeat a leading Congressional Democrat who represents the Franklin Roosevelt impulse: House Ways and Means chairman Rep. Charles Rangel (N.Y.), who leads one of the most powerful committees in the House of Representatives.



*Rep. Charles Rangel*

Rangel defends the principle of the general welfare of present and future generations, inscribed in the Constitution's Preamble. In a financial collapse like today's, it is the people who are to be defended, not predator financiers like George Soros, Felix Rohatyn, Wall Street and the London Financial District. Any fascist-modelled looting of the population to save the financial parasites and their worthless paper, exemplified in the Paulson-Dodd-Frank bailout of Fannie Mae-Freddie Mac, is un-Constitutional, and must be repealed. Rangel is an obstacle, who threatens to block the financier schemes to impose fascist looting on the population.

It is, therefore, not surprising that the Wall Street-London financier establishment, that controls Presidential candidates McCain and Obama, would be targetting Rangel. George Soros is the Dean-Obama Democratic Party's biggest funder. Soros described his years working with the Nazis rounding up Jews in Hungary as the "happiest years of my life" in a 1998 CBS interview. Financial predator Felix Rohatyn, the protégé whom Nazi collaborator André Meyer of France described as, "like a son to me," and who advises idiot Democrats like Speaker Nancy Pelosi, said in February 2006 that no infrastructure will be built through Franklin Roosevelt-modelled credit creation, but only "Public Private Partnerships." These PPPs are modelled on fascist Italy of the 1930s, where financiers buy up decrepit infrastruc-

ture and force the population to pay them to use it.

The Rockefeller Foundation is a major funder of such PPPs, along with Hitler admirer, California Gov. Arnold Schwarzenegger, and New York City's wannabe Mussolini, Michael Bloomberg. Put this together with the Hitler-loving *New York Times*, Rupert Murdoch's *New York Post*, and Murdoch reporter Michelle Malkin, and you have the same machine that knocked out Hillary Clinton as the Democratic Presidential candidate.

Rangel is credited with persuading Hillary Clinton to run for President. That makes him a target of the financiers; former New York Gov. Eliot Spitzer was selectively prosecuted in March 2008 when he refused to lead the New York delegation to cross over and support Obama after the March 4 primaries, to knock Clinton out then. From March on, enormous pressure was put on Clinton to drop out of the race. Despite the fact that she won more popular votes than Obama, this machine deprived Clinton, who campaigned, like FDR, as the "champion of the invisible people," of the nomination.

### Wall Street Rats Gnaw at Rangel

Rangel's chairmanship of the powerful Ways and Means Committee, where all revenue bills originate, is a prime target for this fascist machine, high above partisan politics. Rangel is targeted by the hedge fund and private equity industry for opposing, and beating them in a bitter fight to tax the earnings of managers of hedge funds and private equity firms at 35%, rather than the 15% they enjoyed. Rangel's legislation passed the House 233-189, but was blocked by the pro-speculation faction in the U.S. Senate.

The unlimited bailout of Fannie-Freddie announced by Treasury Secretary Paulson on Sept. 7 had been rejected by Rangel's committee earlier this Summer. Rangel and his committee limited Paulson's "bazooka" to \$800 billion, and insisted on making it transparent, by raising the U.S. debt ceiling from \$9.6 trillion to \$10.4 trillion.

Rangel described the destruction of American middle class under the Bush Administration in an interview with *Mother Jones* published this month: "You just don't become middle class overnight. If your kids have to be pulled out of school; if you lost your house; if you lost your job; if you lost your dignity, it takes years, if you do recover. . . . And sometimes, recovery has to be from the next generation. . . . We are losing the most precious gift we have as a country, and that is the spirit of the middle class."

Rangel also told the weekly, "One of the biggest

problems that Congress and history may have to face is why we didn't take up the [Rep. Dennis] Kucinich motion to impeach [Cheney and Bush]."

The attack machine started on Rangel in April 2008, when the neocon *New York Sun*, once owned by the jailed Conrad Black, attacked Rangel for using Congressional letterhead to raise money for a center at the public City College of New York to encourage minority participation in government service, that would be named after him. Rangel asked three wealthy New Yorkers—David Rockefeller, Hank Greenberg, and Donald Trump—to meet with CCNY president Gregory Williams. It quickly broke in the *New York Times* and other establishment press.

- On July 14, the *New York Sun* exposed Rangel for renting four rent-stabilized apartments in Harlem in the same building: three to live in, and one for a campaign office. Two had already been combined by a well-known minister before Rangel moved in. This is not illegal under New York State law, Rangel told the press Sept. 10, and it is in fact a common practice in New York.

- On July 31, *Forbes* magazine revealed another reason for Rangel's problems, in reporting that Obama's director of economic policy, Jason Furman, declared that Obama is "not in favor" of Rangel's tax plan. *Forbes* said Obama could find Rangel "an obstacle" to getting his tax plan through.

- Also on July 31, just as Congress was about to adjourn for its Summer recess, House Minority Leader John Boehner got a vote on a resolution to censure Rangel for having "dishonored himself and brought discredit to the House" by his apartment deal. The motion was tabled 254-138, as 25 Republicans voted with Democrats to table, and another 29 Republicans voted "present." Rangel himself asked the Ethics Committee to examine both actions.

- In August, before the Democratic Convention, Rangel gave Howard Dean's Democratic National Committee \$100,000 from his political action committee. Soros's man Dean returned the money, saying the DNC didn't take PAC money. The story was leaked to the press, to embarrass Rangel.

- On Sept. 3, the *New York Post* broke the story that Rangel had earned \$75,000 in income from a vacation home he bought in 1988 in the Dominican Republic, which he had not reported on his taxes, and he had been given an interest-free mortgage. A "feeding frenzy" about Rangel's "corruption" ensued.

- On Sept. 9, Boehner announced that he and other

Republicans had written to Speaker Pelosi, demanding that Rangel step down as Ways and Means chair while the Ethics Committee investigated. Boehner, according to *The Hill*, also announced that he would offer another resolution to censure Rangel, and threatened Republicans in a closed door meeting Sept. 9: “Anyone who votes against debating one of my resolutions ... you just won’t have a committee assignment.”

On Sept. 4, the announcement by male model Craig Schley that he had collected 6,000 signatures for ballot status in November as an Independent to challenge Rangel—who seldom has an opponent—received “electric” page 1 coverage in Murdoch’s *New York Post*.

### Rangel Speaks Out

On Sept. 10, Rangel held a 90-minute press conference in the Capitol Hill press gallery, making clear that he intends to stay in office, and as head of the Ways and Means Committee. The establishment’s reporters came to snipe, but despite their hostility, many laughed as Rangel gave detailed accounts of the actual events that happened. Rangel told the press, “I have felt embarrassed for my friend John Boehner for believing that he has to do this politically.”

Rangel explained how he bought a promise of a built cottage in 1988 for \$82,000, with a a \$50,000 mortgage provided by the hotel building the vacation

cottages, which the hotel would rent out 41 weeks a year. To keep investors from pulling out while the cottages were built, the hotel offered *everyone* interest-free mortgages. The rental income was shared evenly within the pool, and applied directly to reduce mortgages. Rangel said he will amend his Federal, state, and local tax returns for 2004-06. He said he would have earned no income, because depreciation and local taxes would have resulted in a “wash,” but for the fact that he sold his New York home to move to a Harlem apartment, and the resulting capital gain cancelled his ability to use the Dominican tax as a credit. He believes his Federal and local tax liability is between \$5,000-10,000, for that reason only.

Near the end of the press conference, Rangel said, “With all the issues that our nation is facing, in terms of life and death, war and peace, Fannie Mae, Freddie Mac, adjust this tax system, health, education, welfare, and the elections, I’m surprised that—really surprised, that this issue has reached the front page of so many newspapers.”

But the chairmanship of the Ways and Means Committee is a high-stakes job. Two previous Democratic chairmen of the committee have been removed through scandals: Rep. Wilbur Mills (1957-74), via a set up affair with stripper Fanne Foxe; and Rep. Dan Rostenkowski (1981-94) railroaded out in the House Post Office scandal.

## LaRouche: Nancy Pelosi Should Be Thrown Out

House Speaker Nancy Pelosi should be thrown out of the leadership of the House of Representatives for her immoral role in the attacks against Rep. Charles Rangel (D-N.Y.), the first African American Congressman to hold the chairmanship of the House Ways and Means Committee, Lyndon LaRouche said Sept. 12.

“Pelosi should be thrown out,” said LaRouche. “Her behavior in the Rangel case is typical of the immorality that she has exhibited as House Speaker. As a result of her policies, Democrats will face massive defeat in the 2008 Congressional elections; she should be thrown out before it gets even worse.”

Representative Rangel has been targetted by the

media empire of fascist Rupert Murdoch, and Republicans in Congress, but well-informed sources report that the Republicans couldn’t get away with their attacks if it were not for the knowledge that Pelosi and her leadership gang want Rangel either out, or brought into line with Wall Street policies.

The *Atlanta Journal-Constitution* editorial board joined Pelosi et al., with a lead editorial Sept. 12, entitled, “Rangel Should Step Down Pending Review,” demanding that the New York Congressman be ousted as chairman of the Ways and Means Committee. “House Speaker Nancy Pelosi and her leadership should insist that U.S. Rep. Charles Rangel give up the chair of the House Ways and Means Committee ... while colleagues get to the bottom of Rangel’s ethics problems,” the signed editorial by Ken Foskett said.

LaRouche retorted that the *Journal-Constitution* itself should be suspended “pending review” of its ethics.

# Revolution in Military Affairs Suffers Setback

by Carl Osgood

The so-called Revolution in Military Affairs suffered a stinging setback on Aug. 14, when Gen. James Mattis, the commander of U.S. Joint Forces Command (JFCom), issued a memo, directing the command to stop using certain Information Age concepts in its support of training, doctrine development, and professional military education. Mattis's memo directly targeted the concept of "effects based operations (EBO)," as well as "operational net assessment," and "system of systems analysis," which, according to their proponents, were supposed to completely change the nature of warfare and eliminate, or at least substantially reduce, the fog and friction of combat operations, making their outcome much more predictable. As Mattis notes, these concepts did not live up to their promises in recent operational experience, especially including the 2006 Israeli war in Lebanon.

Mattis's memo is made more significant by the fact that, since at least 2002, JFCom has been the center of experimentation and advocacy for these concepts. As recently as a year ago, Dave Ozolek, who was then the executive director of JFCom's Joint Futures Lab (J9) (Ozolek has since retired), told *EIR* in an interview, that the work on EBO that J9 was engaged in at the time was "coloring a whole different approach to operations than we were capable of thinking of five years ago," because of its focus more on the economic, social, and behavioral effects, and less on the attrition effects of military operations.

At bottom, EBO has always been about behavioral modification of the targeted population and various elements of the enemy. This is explicit in the 2002 book *Effects Based Operations: Applying Network Centric Warfare in Peace, Crisis and War*, by Edward Smith, and other works, published by the Pentagon's Command and Control Research Program. According to Smith, EBO uses physical actions "to create a stimulus" which "sets into motion a chain reaction or cascade of additional indirect effects." If the planning is done right,



DoD

*A memo from Gen. James N. Mattis, commander of U.S. Joint Forces Command (JFCom), calls for an end to certain "Information Age" methods, which have been adopted under the rubric of the "Revolution in Military Affairs."*

the chain of effects "will sooner or later cross from the physical to the psychological or cognitive domain so that the resulting psychological and cognitive effects will in some way affect the behavior of observers."

## 'No Strategy for War'

The problem with all this, of course, is that there is, in fact, no way to map out, contrary to what EBO proponents claim, how the chain of effects will play out, nor how the adversary will respond, psychologically, to the contemplated actions. The Israelis, much to their chagrin, discovered exactly this problem with their war in southern Lebanon in the summer of 2006. As *EIR* has documented (see "Behavior Modification Is No Strategy for War," July 18, 2008), the Israeli Defense Forces had been so taken up with their new doctrine, dominated by EBO and other RMA concepts, that its leaders forgot that the basic way to stop an adversary from launching rockets into Israel was to take the ground from which the rockets were being launched.

In a paper accompanying his memo, Mattis notes that these concepts "have not delivered on their adver-

tised benefits and that a clear understanding of these concepts has proven problematic and elusive for U.S. and multinational personnel.” Among the conclusions that the Army, the Marine Corps, and other observers have come to, Mattis writes, are the following:

- EBO assumes a level of unachievable predictability;
- It cannot correctly anticipate reactions of complex systems;
- It discounts the human dimension of war (such as passion, imagination, willpower and unpredictability), among others.

The Israeli experience is central to these conclusions, but so also are the outcomes of the 1991 Gulf War, the 1999 Yugoslavia War, and the “Shock and Awe” phase of the invasion of Iraq, in 2003. The dependence of all of these operations on air-delivered precision-guided ordnance, “underscore the fact that effects-based operations tend to be ineffective when used exclusive of ground maneuver operations,” Mattis writes. Mattis concludes that these principles are “fundamentally flawed and must be removed from our lexicon, training, and operations. EBO thinking, as the Israelis found, is an intellectual ‘Maginot Line’ around which the enemy maneuvered.”

### **The Air Force Reacts**

Perhaps not surprisingly, while those experienced in ground operations have welcomed Mattis’s memo as a return to clear thinking about planning and conducting military operations (especially in an irregular warfare environment), the Air Force has reacted most strongly against it. Lt. Gen. David Deptula, currently the Air Force Deputy Chief of Staff for Intelligence, Surveillance, and Reconnaissance has been one of the most outspoken proponents of EBO. As recently as the Spring of 2006, Deptula wrote that EBO “is the exploration of control creating the necessary effects so that an adversary operates in accordance with our national security objectives. Ultimately, this mastering of effects will allow us to view the traditional military concepts of annihilation and attrition, which focus on destruction, as only one means of achieving control over an enemy rather than the operative means of doing so.” On the Mattis memo, Deptula would only say, through an Air Force spokesman, that, “I stand by my remarks on EBO and welcome internal discussions on the topic as different viewpoints in joint doctrine are important in raising dialogues that ultimately result in enhancing joint force operations.”

The Air Force response has, instead, been left to retired officers, notably Lt. Gen. Thomas McInerney, well known in Washington as a proponent of a “shock and awe” bombing campaign against Iran. McInerney claimed, in an e-mail to *Inside the Pentagon*, on Aug. 28, that “by directing the removal of systems analysis, a resulting attritional approach will emerge and place many American military personnel, both short-term and long-term, at much greater risk. . . .” McInerney went on to suggest that commanders “ignore” what he considers to be the shocking (Mattis) memo, and calls it the “most parochial, un-joint, biased, one-sided document launched against a concept that was key in the transformation of warfare and proven in the most successful U.S. military conflicts of the past 20 years.” He concedes that EBO has been over-hyped but blames that on JFCom. “That many prior or current JFCom staffers and associated contractors distorted EBO concepts and made promises as to their effectiveness is fact and addressing such should be the limit of the stated policy’s aims,” he said.

### **Back to the Human Element**

Then, McInerney calls on commanders to ignore Mattis’s directive. This from a service which is already having image problems because of its failures in managing its nuclear weapons stockpile, and because of public disagreements with the Secretary of Defense that led to the firing of both the Secretary of the Air Force and the Air Force chief of staff.

Mattis’s memo does something which systems theorists behind EBO and its related concepts ignore. He has returned the human element to thinking about warfare. Critics of EBO have always complained that the systems thinking takes a reductionist approach to analyzing the adversary, treating it as one would treat a mechanical system, such as an electric power grid or an integrated air defense system. But human insight and free will can never be captured by this sort of reductionist thinking. Mattis notes that warfare is a “non-deterministic human endeavor whose ramifications are never fully guaranteed, because our adversaries have free will, which will inevitably impact the operating environment in unpredictable ways.”

Mattis’s memo and directive won’t end the debate on EBO, but may begin the process of freeing the military services from the degradation of military doctrine that has been brought on by trying to reinterpret it in the systems analysis language of the Information Age.

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# National News

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## August Foreclosures Hit 102,000 U.S. Households

Nearly 102,000 U.S. homeowners lost their properties to foreclosure in August, up nearly 6% from July, and more than 80% from August 2007, according a ForeclosureS.com report released Sept. 8.

So far this year, lenders have repossessed a record 656,545 properties nationwide—or 8.6 of every 1,000 households in the United States. They are expected to repossess more than 1 million by year's end.

Year-to-date, 1.45 million homeowners (19.6 of every 1,000 households) faced pre-foreclosure actions by lenders, almost double the number a year ago.

The Mortgage Bankers Association, in its National Delinquency Survey in the first week of September, reported 6.4% of all mortgage loans were delinquent in the second quarter, not including those in the foreclosure process. A total of 2.7% of loans were somewhere in the foreclosure process.

The Southwest reported by far the largest number of foreclosed properties year-to-date, 348,019 or 12.7 per 1,000 households. The Southeast leads the nation in pre-foreclosures filed year-to-date with 477,177, or 27.5 per 1,000 households.

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## Senate Committee: Banks Evade Billions in Taxes

Just days after Treasury Secretary Henry Paulson acted unconstitutionally to bail out his speculator friends, as provided by the Dodd-Frank bill, the Senate Subcommittee on Investigations released a 77-page report which exposes a \$100-billion-a-year tax-evasion scheme devised by such named brokerage firms and banks as Morgan Stanley, Lehman Brothers, Deutsche Bank, Merrill Lynch, UBS, and Citigroup, in conjunction with major U.S.-based hedge funds such as Moore

Capital, Highbridge, and Maverick Capital, to name just a few.

As the subcommittee reports, through programs with names like “dividend enhancement” and “dividend uplift,” these banks and brokerage firms are using complex equity swaps, fake loans, and sham stock sales, sometimes through entities in the Cayman Islands, to disguise dividend payments to clients.

Although the report focuses on how these U.S. financial institutions have helped “foreign” clients dodge dividend payments, subcommittee chairman Carl Levin (D-Mich.), pointed out that if you take a closer look, some of those foreign investors begin to look a lot less foreign. They are hedge funds organized offshore, often by Americans.

“Hedge funds and other offshore entities couldn't perform their dividend-tax escape act without the cooperation and assistance of financial institutions. It is those financial institutions that devise the abusive transactions and send the U.S. dividend payments offshore to their clients in the form of dividend equivalent or substitute dividend payments, without remitting any taxes to the U.S. Treasury.”

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## Lawmakers: Russia Was Right; Georgia, Wrong

The Bush/Cheney anti-Russia line on the Russia-Georgia conflict was sharply challenged by both Democrats and Republicans at a House Foreign Affairs Committee meeting Sept. 9.

That the Georgians and their President Mikheil Saakashvili started the conflict was brought up by committee chairman Howard Berman (D-Calif.) and Rep. William Delahunt (D-Mass.), as well as by Rep. Brad Sherman (D-Calif.) and Rep. Dana Rohrabacher (R-Calif.). Referring to reports that Saakashvili had launched a military strike against South Ossetia so that he would have a *fait accompli*, Delahunt then charged that “we are being asked to reward that ... with a \$1 billion appropriation,” adding that “everyone agrees

that Georgia attacked and launched their military operations first.”

Rohrabacher declared, “The Georgians broke the truce, not the Russians. And no amount of talk of provocation and all this other stuff can alter that fact. . . . Let me just say that the Russians are right, we're wrong,” Rohrabacher stated. “The Georgians started it. The Russians ended it.”

Addressing Assistant Secretary of State Daniel Fried, a number of Committee members, starting with Sherman, demanded to know why the U.S. is for self-determination for Kosovo, and against it for South Ossetia. Rohrabacher was the toughest, asking Fried: “How many Serbs were killed by American military operations to make sure that the Kosovars have their right of self-determination? About 500 is the answer, Mr. Secretary.”

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## Banks Have the Runs; Buffett Fears for 1,500

A subsidiary of Warren Buffett's Berkshire Hathaway, Kansas Bankers Surety Corp., has terminated its “excess deposit insurance” plan by which it insured bank deposits above \$100,000, particularly for smaller community and regional banks. The reason, a Paris banking source said Sept. 10, is that Buffett fears that 1,500 U.S. banks will soon fail. The *Wall Street Journal* made a similar report of Buffett's fears.

Washington Mutual, the country's biggest savings and loan institution, with over \$250 billion in deposits, and a toxic book of mortgage “assets,” has been placed on probation by the Office of Thrift Supervision.

Lehman Brothers, whose CEO Richard Fuld is closely advised by fascist banker Felix Rohatyn, has begun to set up a separate unit to try to auction off its \$30 billion in commercial mortgage-backed securities. Morgan Stanley may likely end up being the “receiving bank” for Lehman. That, commented Lyndon LaRouche, is “like the sinking Titanic buying another anchor!”

# Will Washington Allow Zardari's Political Survival?

by Ramtanu Maitra

*Our correspondent posted this article from New Delhi Sept. 11.*

Inspired by acquiring a new Pakistani President, who has no base in the institutions of the country, or in the population, the United States landed troops inside Pakistan Sept. 3 to combat militants there, without permission of Pakistan's government. The operation was carried out about 72 hours before the late Prime Minister Benazir Bhutto's spouse, Asif Ali Zardari, became President of Pakistan, securing more than two-thirds of the National Assembly votes.

The U.S. decision to land troops inside Pakistan's tribal areas produced the expected furor, and since the Army, formerly headed by the deposed President Pervez Musharraf, is no longer in power, the yet-to-be-sworn-in Zardari got an earful from the Pakistani people. In other words, Washington had no compunction about cutting off Zardari's feet before he could land.

According to the *New York Times*, it was President George W. Bush who made the "brilliant" tactical decision to land U.S. troops inside Pakistan. The *Times* cites senior U.S. officials who report that Bush had secretly approved orders allowing U.S. forces to conduct ground operations in Pakistan without that government's prior approval.

## **Pakistan Under the British Grip**

Whether dealing with the complex Pakistan-Afghanistan situation is way beyond President Bush's intellectual capability is a moot question, but what remains to be answered is: What was the hurry?

Pakistan's Ambassador to the United States, Husain Haqqani, who has changed color often, recently became a rabid anti-Musharraf "Pakistani patriot," influencing the talking heads in Washington, and spreading his gospel that Pakistan desperately needs a "democratic form of government" to a section of the U.S. media, while "exposing" Musharraf's "duplicities." Haqqani had brought forward Zardari's candidacy to the Bush Administration. For an unfocused Washington, there could not be a better candidate for the Pakistani Presidency than Zardari: Zardari has no friend in the Army; none in the ISI (Inter-Services Intelligence); no personal political base, because he was never elected to the National Assembly, and rose to the top of the Pakistan People's Party (PPP), "a party of the Bhuttos," through marriage; and in fact, he has more enemies than friends within the PPP leadership, who point out that Zardari has systematically ousted close associates of Benazir Bhutto in the party hierarchy since her death last December. Moreover, Zardari has little or no support among the opposition, former Prime Minister Mian Nawaz Sharif, for instance. Under the circumstances,





inside Pakistan’s tribal areas, Mullen told the U.S. House of Representatives Armed Services Committee, nearly seven years after U.S.-led forces toppled Afghanistan’s Taliban regime following the Sept. 11 attacks: “I’m not convinced we are winning it in Afghanistan. I am convinced we can.”

### The ‘Zardari Effect’

Mullen said he was already “looking at a new, more comprehensive strategy for the region” that would cover both sides of the Afghanistan-Pakistan border.

“In my view, these two nations are inextricably linked in a common insurgency that crosses the border between them,” he told lawmakers.

“We can hunt down and kill extremists as they cross over the border from Pakistan ... but until we work more closely with the Pakistani government to eliminate the safe havens from which they operate, the enemy will only keep coming.”

Admiral Mullen’s new-found confidence that “we can win in Afghanistan” stems from what can best be labeled the

on whom, then, Zardari will have to depend? Other than Haqqani, the United States, of course, through the thoughtful U.S. President, George W. Bush.

It is evident that the United States is looking at all this as an opportunity to move into the tribal areas to get rid of the “bad guys” a non-religious label for the jihadis, who have assembled under various umbrellas. Washington knows the Pakistani Army is in a state of disarray since the U.S. dumped Musharraf, the former army chief.

The problem that has emerged in the United States over the last few years, because of the complexities behind Musharraf’s refusal to give the U.S. a free hand in the tribal areas, is an understanding that the United States/NATO can win the Afghan war only by squeezing Pakistan; this realization has reached not only President Bush, but even those who know better, such as Adm. Michael Mullen, chairman of the Joint Chiefs of Staff. Following the hullabaloo that erupted after it became evident that the Americans had indeed landed troops

“Zardari effect.” Since 2001, when the United States invaded Afghanistan and routed the Taliban in no time, America’s best ally was Pakistani President Musharraf. Although his credentials were the right ones to be a friend and combat ally of the U.S., Musharraf did have a base in the Army, among some in the ISI, and he had control of the political party PML(Q). But, the bottom line always was, that Musharraf was accountable to a large section of the Pakistani people. The fact that they supported him until late in 2006, was a problem for the United States and NATO, because Musharraf would not act to please the U.S., if it displeased the Pakistani people. Now, Washington has Zardari, who has no ties, no political accountability, and mansions in a number of countries, including one in Surrey, near London.

There is yet another inflexion point. Barely a week before the U.S. Special Forces entered Anjorada in the South Waziristan tribal area, where members of al-Qaeda’s *shura* (council)—Arabs and Uzbeks—were believed to be operating, a meeting took place on the

aircraft carrier *USS Abraham Lincoln* in the Indian Ocean, between Admiral Mullen and the Pakistani Army Chief of Staff, Gen. Ashfaq Pervez Kiyani, ostensibly to discuss infiltration points for militants going from Pakistan to Afghanistan, and to pinpoint the al-Qaeda training camps. The rugged mountainous area where the U.S. troops had landed, is also a launching pad for militants staging attacks on a U.S. military post in the Birmal area in Paktika province in Afghanistan.

What exactly was discussed on the decks of *Lincoln* is anyone's guess. Indian intelligence sources indicate that Mullen took the opportunity to thank Kiyani for cooperation in helping to set up the democratic government in Islamabad, and with the U.S./NATO troops along the Afghan-Pakistan borders. Whether the U.S. intent to enter Pakistan to eliminate the "bad guys" was under discussion is not known. Some Indian analysts believe that it was discussed, but that Kiyani had laid out the limitations of such actions.

The angry response in Pakistan at the governmental level, Zardari excluded, that followed the U.S. deployment, indicates that whatever Kiyani said, or did not say, aboard the *Lincoln*, the assumption in Washington that the "Zardari effect" would allow the United States to have unlimited latitude in dealing with insurgents functioning within Pakistan should be considered as good as dead.

### Army on the Rocks

Gen. Tariq Majid, chairman of Pakistan's Joint Chiefs of Staff Committee, said cross-border strikes such as the one Sept. 3, would alienate ethnic Pashuns, who live on both sides of the border, and be counterproductive. "Pakistan reserves the right to appropriately retaliate," he told visiting German Defense Minister Franz Josef Jung.

On Sept. 10, General Kiyani said that no foreign forces will be allowed to conduct operations inside Pakistan in light of last week's "reckless" U.S. military ground operation. Responding to the U.S. attack using Predator drones, Kiyani said, Pakistan's "territorial integrity ... will be defended at all cost and no external force is allowed to conduct operations ... inside Pakistan." At the same time, Pakistan's military resumed its battle against the Taliban militants in its tribal region, two Army spokesmen said.



Office of the President of Pakistan

*Pakistani President Asif Ali Zardari meets with Army Chief of Staff Gen. Ashfaq Pervez Kiyani, Sept. 10. Zardari, with no political base, is at the mercy of the Bush Administration, which is moving into Pakistan's tribal areas, without permission from the government, to "get rid of the 'bad guys.'"*

But, despite the harsh words by the Army Chief, he has begun to make the rounds. For instance, the Pakistani top brass, including the Chairman of the Joint Chiefs of Staff Committee (CJCSC) and the three service chiefs called on President Zardari at the President's office on Sept. 10, to "greet" him on assuming his office. CJCSC General Majeed, Chief of Army Staff General Kayani, Chief of Naval Staff Adm. Muhammad Afzal Tahir, and Chief of Air Staff Air Chief Marshall Tanvir Mehmood Ahmad expressed their good wishes for the President. They briefed Zardari about the overall command structure and the operational preparedness of the country's armed forces.

In addition, Kiyani convened a corps commanders' meeting on Sept. 11 to discuss U.S. attacks in Pakistan, *Express News* reported. It said a statement by the U.S. Joint Chiefs of Staff chairman regarding air strikes inside Pakistan would also be discussed.

It is evident that the "Zardari effect" will not last long, and the sooner Admiral Mullen realizes that, the better. The situation along the Pakistan-Afghanistan border is becoming untenable, just the way the British had planned. Now, the British have offered the United States a situation whereby if you hit Pakistan, you break it up. And, if you do not hit Pakistan, but do not recognize your enemy, Pakistan will also break up. And, then, perhaps, Zardari will set up his fabulous home in Surrey to entertain the new owners of a part of Pakistan.

# SCO Reaffirms Role In Eurasian Stability

by William Jones

Contrary to the line put out by much of the international press, the Aug. 28 heads-of-state meeting in Dushanbe, Tajikistan of the Eurasian economic-strategic partnership known as the Shanghai Cooperation Organization (SCO), not only refused to attack Russia for its defense of South Ossetia following Georgia's surprise attack, but reflected a strengthening of the member-states' commitment to ensuring stability against Anglo-imperial provocations. Georgian President Mikheil Saakashvili is a toady of George Soros. While the SCO's final communiqué, the Dushanbe Declaration, did not recognize, as had Russia, the independence declarations of South Ossetia and Abkhazia, the member states—Russia, China, Tajikistan, Kazakhstan, Kyrgyzstan, and Uzbekistan—did expressly support “the active role of Russia in promoting peace and cooperation in the region,” while condemning any attempt to resolve such ethnic conflicts by military means.

The Declaration also explicitly rejects any move to “isolate” any nation, calling for diplomacy in resolving conflicts in the region, a direct slap at the efforts of Cheney & company to put a hold on Russia's membership in international organizations like the G-8. In addition, in a bilateral meeting between Russian President Dmitri Medvedev and Chinese President Hu Jintao, Hu assured the Russian President that China was supporting Russia's holding of the Olympic games in 2014, a decision which the U.S. was threatening to have abrogated because of the Georgia conflict.

Medvedev appeared generally satisfied with the results of the SCO meeting: “I told them what happened, and I told them what motivated and guided us in deciding on the operation to oblige Georgia to restore peace and in making our subsequent decisions,” he told reporters. “Our colleagues in the Shanghai Cooperation Organization gratefully received this information, and, during a series of conversations, we concluded that such events certainly do not strengthen the world order, and that the party that unleashed the aggression should

be responsible for its consequences. And, of course, attention was drawn to the fact that now, in this new phase of conflict resolution, we must fully abide by those principles included in the agreement that was prepared by France and Russia and signed by the parties to the conflict. That was what we talked about. I am very pleased to have been able to discuss this with our colleagues and to have received from them this kind of support for our efforts,” Medvedev said.

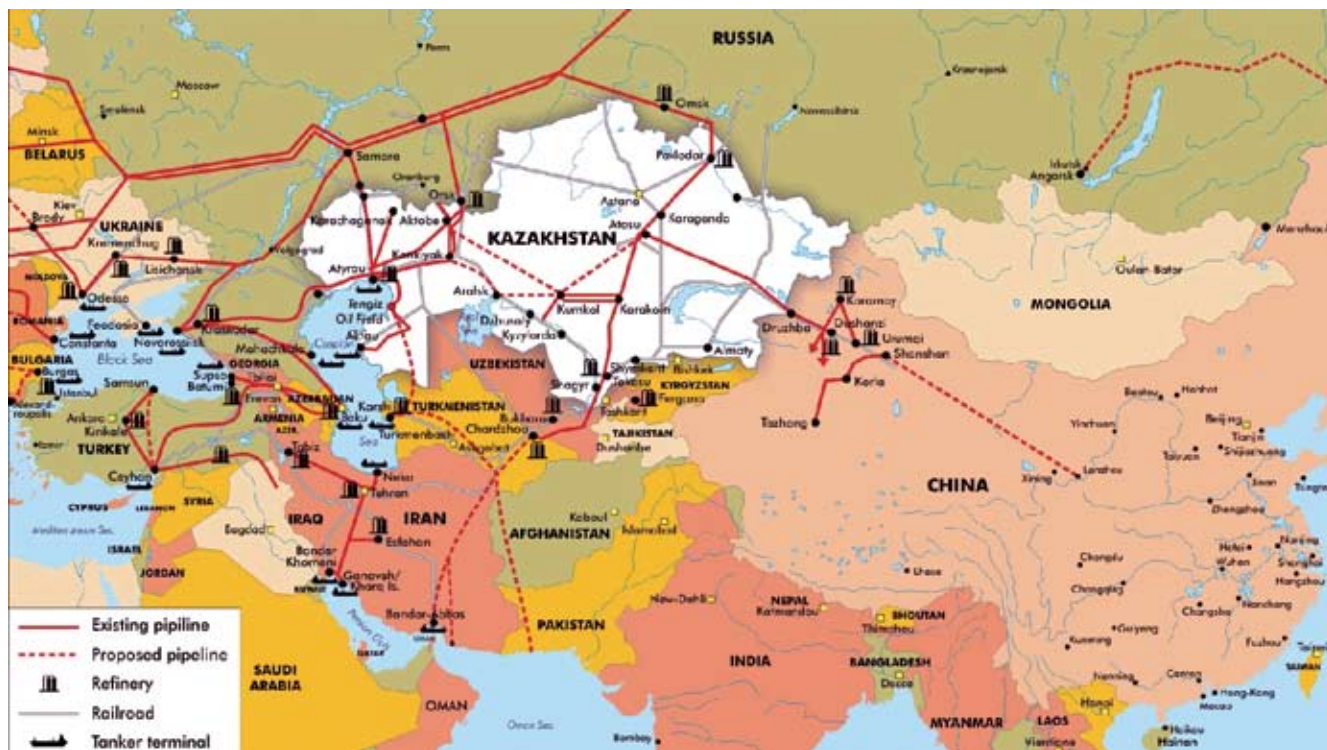
## Wary of Changing Borders

It would not have surprised the Russian President that the SCO members, particularly China, would be extremely wary of recognizing any changing of international borders. Most of the SCO countries have numerous ethnic groupings within their borders, which Anglo-imperial interests, spearheaded by British agent Soros's Open Society Institute, are using in attempts to destabilize, or even break up, these nations. The sharp opposition of all the SCO countries to Kosovo's declaration of independence had underlined their general position on the issue. While there may have been a sigh of relief among most of the leaders over the blow dealt to the destabilization operations of the Soros networks in Georgia, by the rapid Russian reaction to Saakashvili's foolhardy moves, the general wish was to craft a diplomatic resolution as soon as possible.

No doubt the SCO nations, both individually and as a group, will play a key role in making this a matter for international and regional mediation, rather than allowing the diminished, but still lethal, policy of the Cheney-British crowd, to propel the conflict into a new world war. The fact that Russia will assume the chairmanship of the SCO, preparing the next heads-of-state meeting to be held in Yekaterinberg in June 2009, will probably facilitate that development.

In a bilateral meeting between Medvedev and Kazak President Nursultan Nazarbayev on the sidelines of the SCO meetings, Medvedev received further support for Russia's actions. “I am amazed that the West simply ignored the fact that Georgian armed forces attacked the peaceful city of Tskhinvali” (the South Ossetia capital), Nazarbayev said. “Therefore my assessment is as follows: I think that it originally started with this. And Russia's response could either be to keep silent, or to protect their people and so on. I believe that all subsequent steps taken by Russia have been designed to stop the bloodshed of ordinary residents of this long-suffering country.”

## Central Asian Oil Pipelines (Current and Proposed)



Source: IEA.

*The Shanghai Cooperation Organization (SCO) heads-of-state meeting in Dushanbe Aug. 28, not only refused to condemn Russia for defending South Ossetia, but pushed forward on a number of infrastructure development programs, such as the oil pipelines and rail projects pictured here (as of February 2008).*

These sentiments were further underlined one week later, at a summit of the Collective Security Treaty Organization (CSTO), the defense organization that comprises all of the SCO countries except China. The CSTO statement warned about the destabilizing factor represented by NATO's westward expansion and by the stationing of a NATO anti-missile system in Poland, bordering the CSTO region.

### Confronting Afghan Drug Production

The Dushanbe discussion also dealt at some length with the devastating proliferation of drugs which British-American strategy has created in Afghanistan. "The heads of state consider it important that the International Security Assistance Force (ISAF) operating in Afghanistan on the mandate of the UN Security Council pay greater attention to the task of battling the production and trafficking of the Afghan narcotics in interaction with the government of the Islamic Republic of Afghanistan, neighboring and other interested countries," the Declaration says. "The member states of the

SCO will continue to make joint efforts to set up close interaction with other interested states, international and regional organizations with the aim of creating a wide partnership network on counteracting the threats of terrorism and narcotics."

The danger represented by the deteriorating situation in Afghanistan was underlined at the summit by Uzbek President Islam Karimov, and the strong statement calling for further action by the SCO reflected the concerns expressed by Karimov, but felt by all the countries.

Afghan President Hamid Karzai himself was present at the heads-of-state meeting as the representative of one of several nations with observer status, a group that also includes Iran, Pakistan, India, and Mongolia, some of which have expressed an interest in joining the organization. At this time, however, the SCO has decided not to expand, although it has set up an experts' group to study the matter. They have, however, established an SCO-Afghanistan Contact Group. The Dushanbe meeting took the decision to enhance the work

of this Contact Group, and to prepare an SCO conference specifically to deal with the issues of terrorism and narcotics in that beleaguered nation.

### **Bilateral Agreements Cement Ties**

The Dushanbe meeting also provided the opportunity for a good number of bilateral meetings and the consolidation of economic agreements. While the SCO was initially established to deal with terrorism in Central Asia, which continues to be of grave concern to the members, issues of economic development have come more and more to the forefront of the regional body.

Both Presidents Medvedev and Hu held meetings with the host of this year's meeting, Tajik President Emomali Rahmon. Russia plans to build three new hydroelectric power plants in Tajikistan. That mountainous nation provides most of the water for neighboring Kazakhstan and Uzbekistan, as well as electricity for them and for Afghanistan. The less-than-average snowfall this year, one of the coldest on record, has created some serious bottlenecks in supplying Russia's neighbors, causing considerable irritation among them. Russia will also start developing Tajik gas fields, while Rosatom, the Russian state nuclear energy company, will investigate the possibility of uranium mining there.

Shortly after his return from the Dushanbe meeting, Uzbek President Karimov met in the Uzbek capital, Tashkent, with visiting Russian Prime Minister Vladimir Putin, where they agreed to the building of a new pipeline for pumping natural gas from Uzbekistan and Turkmenistan to Russia, which would boost Russian imports by 50%. The Soviet-era pipeline now in operation is not capable of handling the increased demand for gas export in the region. The expansion of the Russian-Uzbek pipeline also undercuts the economic viability of the Anglo-inspired Nabucco pipeline, which was created to undercut Russia's role as an energy provider to Western Europe. In return, Russia has agreed to pay close to Western prices for Uzbek gas.

The two countries also signed an important agreement on space cooperation, with Russia committing to upgrading and maintaining the Suffa Radio Observatory and Maidanak Observatory, which had been created by joint efforts of both countries. The agreement also envisions the creation and employment on the territory of Uzbekistan, of infrastructure to receive, process, and use space navigation systems, space monitoring, cartography, and communication. "This program

is expected to become the foundation for the organization of joint activities in the space industry with the other CIS [Commonwealth of Independent States] countries, including work to solve the strategic problem of forming a single navigation and media space in the CIS," said Sergei Ivanov, the deputy prime minister and co-chairman of the bilateral commission on economic cooperation with Uzbekistan.

Following the SCO summit, President Hu traveled to Ashgabat where he met with Turkmen President Gurbanguly Berdimuhamedov. The two inked a deal whereby Turkmenistan agreed to provide China with 40 billion cubic meters (bcm) of natural gas annually, a 33% increase over the 30 bcm previously agreed upon. In addition, China has agreed to establish a railway repair and maintenance facility in Turkmenistan, as well as fertilizer producing facilities. China National Petroleum Company is in the process of building a 10,000-km pipeline that will bring Turkmen gas to China. While Turkmenistan has chosen to remain outside the SCO, it is a major supplier of natural gas within Central Asia, and its close relations with both Russia and China make it a key contributor to the development of the region.

## **THE EURASIAN LAND-BRIDGE**

**'The New Silk Road'—  
locomotive for worldwide  
economic development**

(1997) 260 pages \$100  
(EIR 96-007)

Available from

**EIR News Service**

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# Soros's British Cartel Takes Aim at Mexico

by Maximiliano Londoño Penilla

*Mr. Londoño is president of the Lyndon LaRouche Association of Colombia. His article has been translated from Spanish.*

The political movement of U.S. statesman Lyndon LaRouche has launched a campaign internationally to unmask the criminal activities of the Latin American Commission on Drugs and Democracy. This group, financed by mega-speculator and economic hit man for the British empire George Soros, held its second meeting in Bogota, Colombia, Sept. 3-5. The first meeting was held in April of this year, in Rio de Janeiro, and the next will take place in Mexico City, in February 2009.

The 18 members of this Commission, led by ex-Presidents Fernando Henrique Cardoso of Brazil, Ernesto Zedillo of Mexico, and César Gaviria of Colombia, intend to legalize illegal drugs. Soros has deployed these propagandists to create favorable conditions for drug legalization, at the tenth-year meeting to evaluate the work of the United Nations Commission on Narcotic Drugs, in Vienna in March 2009. According to Cardoso and his acolytes, the current paradigm for a war on drugs is failing, and another needs to be created. Cardoso has made it clear that both Mexico and the United States are directly in the sights of his Commission. Over the coming months, the Executive and Legislative branches, university networks, and the media of both Mexico and the United States, will be the targets of the drug legalizers.

To the surprise and distress of the drug consumption lobby, however, members of the press that was to have launched the proceedings of Soros's Commission in Bogota were hit with a leaflet entitled "Stop Soros and the British Project To Legalize Drugs," circulated by the Lyndon LaRouche Association of Colombia.

While the leaflet was being distributed both in Colombia and continentally, Colombian President Alvaro Uribe expressed his absolute rejection of drug decrim-

inalization. He explained that legalization of the so-called "personal dose" in Colombia has increased the number of drug addicts, and is destroying children who are used as distributors by drug pushers. Uribe told the media, in summing up the interview he held with members of the Soros Commission: "Let us have no illusions. The growth of [drug] consumption in the country is alarming. The community one visits, the school one visits, all complain that there are alarming levels of consumption everywhere; this is doing a great deal of harm to our society."

The Uribe government has announced that it will present a bill to once again penalize what is today known as the personal dose, which was adopted after then-Supreme Court Justice Carlos Gaviria gave a speech which was taken as a formal ruling, according to which—on the pretext of granting the right of free development of the personality, established by the 1991 Constitution—it was necessary to decriminalize personal drug consumption.

Gaviria, Cardoso, and Zedillo, who exploit their status as ex-Presidents to push the argument that the war on drugs has been lost, and that it has become necessary for Ibero-America, through the offices of the Soros Commission, to take a stand in favor of decriminalization, with an eye towards full legalization. This is the consensus that Soros's legalization lobby hopes to achieve in the region, with the express purpose of having next year's UN meeting adopt a "less repressive" policy, and more "understanding" of the interests of drug consumers.

## Three Sophist Presidents

Aware that their political skins are at risk, these three former Presidents, now on Soros's payroll, pretend that they are conducting nothing more than a scientific study, and that they still have no formal recommendation. They have opted for the path of sophism, to gradually reveal what Soros has been extensively promoting through his network of NGOs and foundations all along: that for there to be an "Open Society," it is necessary to legalize drugs.

That is why, when a reporter from the Colombian magazine *Semana* asked Cardoso what he thought about drug legalization, Cardoso responded with facial contortions and a juggling act: "I believe it is a simplification of the problem. Saying that drugs are legal involves the idea that drugs do no harm, but they do. It is one thing to discuss whether penalties

or repression is a solution, and another to say that once it is free, everything will be resolved. It is like tobacco, which although it is not illegal, is not good and does harm. To get to the point that drugs are no longer illegal, they will have to be in the same situation as tobacco: that society knows that they are bad and do harm. But we are not yet at that point, we're not there yet, and that is why I don't believe we can rush things."

Cardoso added: "The current paradigm of the fight against drugs is failing. And so another paradigm must be created, which we don't have yet. Your questions and my answers show that we are still considering these issues, but it is better to begin discussing and moving forward, than to stick with a paradigm that doesn't work."

### **Paradigm: The British Opium War**

And what is the Soros Commission's newest paradigm? The British Opium War against China! In 1842 and 1856, the British deployed their flotillas against China, because that country had decided to put an end to the trade in opium. The British produced the opium in India, its colony, and sold it in China. This went on for decades, until the Chinese government, seeing the decadence caused by addiction, decided to seize and burn all stocks of the drug. The British, with more modern weaponry, defeated the Chinese, imposed free trade, and seized Hong Kong as its war booty.

Soros and his Anglo-Dutch masters today want to cheapen the cost of drugs in order to increase consumption, imposing a generalized state of cultural stupidity throughout the world's populations, the better to control them. Drug legalization is not merely a matter of business; it is an instrument of irregular warfare against nations.

If one looks at the slums (*favelas*) of Brazil, the criminal activities of the cartels in Mexico, and the violence that seems endemic in Colombia, one can understand why Soros has chosen the capital cities of these three countries as the sites for his Commission's conferences. He hopes to demonstrate the inefficiency and futility of the fight against drugs, in favor of the European focus of decriminalization, free supply of drugs and syringes to addicts, etc.

In Colombia, the Uribe government has dealt powerful blows to the narcoterrorist groups, and these victories have remoralized the population, which has supported the President's security policy.

In Mexico, as tariffs have been eliminated by NAFTA, the country's industrial and agricultural production has declined. And as the fruit of this destruction of physical production, and of rising unemployment, the drug trade has been growing exponentially.

The tragic irony is that Mexican President Felipe Calderón, a strong supporter of the free-trade policies of Salinas de Gortari and Zedillo, could end up himself a victim of free trade, which has not only destroyed production and employment, but also all the national institutions, which have been infiltrated by the drug trade, just as occurred in Colombia.

Now, voices are calling for regime change in Mexico, while the violence associated with the drug trade has reached stunning levels. On Aug. 26, drug cartel assassins attacked a military base in the state of Guanajuato. One week earlier, a dozen victims were decapitated by the narcos in the northern state of Chihuahua. A similar incident occurred in the state of Yucatan. On Aug. 27, in five states, the narcos displayed banners denouncing President Calderón for allegedly allying with one of the drug cartels against another. Narcos denounced a half-dozen generals for supposedly being in the pay of a rival group.

Mexico is going through a period similar to that which Colombia experienced when the Cali and Medellín cartels were in their heyday, precisely during the Presidency of César Gaviria (1990-94), one of the co-directors of Soros's Commission to legalize drugs. Gaviria not only promoted the drafting of a new Colombian constitution, written by a Constituent Assembly infiltrated by cartel-dominated figures, but even made a pact with the Medellín Cartel's bloody Pablo Escobar. Escobar and his lieutenants surrendered to the authorities in exchange for not being extradited to the United States, and with the promise that they would not have to serve more than 7-8 years in jail. This is the new "light" approach that the Soros Commission proclaims.

In Colombia, as in Mexico, especially, the anti-drug programs that have been carried out with the United States should be drastically changed. The best antidote to the drug trade is the promotion of industry, the mechanization of agriculture, and the connection of different geographic areas of the continent through vast development and infrastructure corridors. That is, what is required to annihilate the drug trade is a modern-day version of the Marshall Plan, as has been proposed by Lyndon LaRouche.

## Bretton Woods Debate Breaks Out in France

by Karel Vereycken

In an unexpected development, on Aug. 31, François Hollande, the outgoing general secretary of the French Socialist Party, speaking to more than 3,000 delegates gathered for the closing session of that party's Summer academy in La Rochelle, called for the emergency convening of a "New Bretton Woods conference" to deal with the systemic collapse of the financial system. "We must understand the full dimension of this crisis," he stressed. "We must not underestimate this crisis, as the right wing has done for the last year, merely because it confirms the failure of its policies," Hollande insisted. The crisis started as a financial crisis, born with the subprimes, but "contaminating the entire system that developed into a monetary crisis, and now into a recession."

Elaborating on how this provoked the food crisis and real estate collapse, he stressed, "It is a general crisis, a global crisis of globalized capitalism which is hitting hard in all dimensions. The chaos we are living through is the consequence of political choices: deregulation of the markets; monetarization of the economy; disengagement of state authorities; privatization, and organized competition among public sectors." Now, the "era of regulation," the "era of law," has arrived. Therefore, says Hollande, the first thing to do is to organize an international conference on financial and monetary matters, which could move towards the implementation of a "New Bretton Woods," aimed at "coordinating monetary policies and regulating the financial system," in order to deal with "a general, a global crisis, which is hitting all continents." This conference would ensure "the stability of the euro/dollar parities," said Hollande. Also, the world's food crisis has to be solved by increasing agricultural production in the developing sector and by defending food security.

Hollande's speech reflected a broadly shared concern about the collapse of the country, and the need to

go back to production, away from the post-industrial paradigm. Last year, former Prime Minister Michel Rocard, who had lent an attentive ear to LaRouche's analysis, had introduced a discussion paper to the party's 2007 Summer Academy calling on his fellow Socialists to face reality: The crisis is systemic, and, without a New Bretton Woods, all that remains is cheap rhetoric and self-consoling fantasies.

In a well-received address to the yearly gathering, Rocard underlined that the international financial crisis is "far more serious" than anybody had admitted publicly, so far. He stressed the "immoral character of the current variety of capitalism." If the post-war period saw 30 years of at least 5% annual growth, full employment, without any major financial crisis, he characterized the current form of capitalism as one of "moral rotteness" which the Socialists must reverse.

While up till now, Rocard had maintained some illusions about the European Union's abilities to handle the situation, he now recognizes that, "We made a big mistake in limiting our means of intervention into the economy, notably by agreeing to eliminate the Bank of France, which before had been the key for public investment, and [the situation] today forces states to borrow from private banks paying high interest rates." Getting close to a "real," i.e., LaRouche's, New Bretton Woods, based on public credit, as opposed to a Keynesian monetary system, he said that there can be no creation of wealth without public credit. Rocard added that the Maastricht criteria have pushed Europe into a Malthusian economy.

Congruent with some proposals coming from Italian Finance Minister Giulio Tremonti, the first step to be taken—without denying the serious crisis before us—would be to mobilize the European Investment Bank (EIB), whose capital can be increased outside the Maastricht financial straitjacket, and whose capital could be oriented towards infrastructure and high-technology small and medium-size entrepreneurs.

If many questions remain unanswered about the exact nature of Hollande's "New Bretton Woods" proposal, the very fact that he employed these specific words, became a political event in itself, prominently noticed by Agence France Presse (AFP), the state news agency, which covered Hollande's speech, highlighting the Bretton Woods issue, in a wire that went out internationally.

Words, akin to individuals, have their own history. Members of the French LaRouche Youth Movement



organizing outside the party convention with signboards, and handing out thousands of copies of *Nouvelle Solidarité*, the newspaper of the LaRouche-associated Solidarity and Progress party, calling on the French Socialists to wake up and formulate such a proposal. The LYM organizers also intervened into several debates with leading party officials, urging them to “Go for Bretton Woods now.” Years ago, Socialist Party officials told the French LaRouche association that “a new Bretton Woods” was a term “far too complicated” for the ordinary French citizen. However, over the last 15 years, Jacques Cheminade and his Solidarity and Progress party have tenaciously campaigned to make LaRouche’s New Bretton Woods a household concept for any enlightened citizen interested in public and international affairs. Also, over the past year, nearly 100 mayors, including two important members of the French Parliament, and several rank-and-file Socialist Party leaders, have signed Helga Zepp-LaRouche’s call for a New Bretton Woods.

The utter crushing of the Socialist candidates in 2007 by Nicolas Sarkozy, and the explosion of the subprime bubble and its consequences, legitimized the “old guard,” and parts of the Socialist Youth movement inside the party who share the Rocard outlook.

Cheminade immediately moved into this new “break-out” situation, and wrote a memorandum on “The New Bretton Woods, a Civilizational Issue,” outlining the difference between a Keynesian money regulation scheme and a real Bretton Woods à la Franklin Roosevelt, crushing the British Empire, and returning to the Colbert-Hamilton public credit creation of the American System economy revived and perfected by LaRouche. The memo was e-mailed to all the key leaders of the party.

But, even before the ink had dried, those opposing that outlook went into high gear. In an opinion column published by *Le Monde* Sept. 5, former Socialist Prime



*French Socialist Party leader François Hollande, reflecting the influence of Lyndon LaRouche, has called for an emergency “New Bretton Woods” conference, to deal with the collapse of the financial system.*

Minister Lionel Jospin, the man who called Cheminade’s 1995 Presidential candidacy “an accident,” and François Morin, a former member of the General Council of the Banque de France, carefully avoid the term “New Bretton Woods” while precisely proposing their own fascist Keynesian new world financial regulation scheme.

As with any professional “Delphic operation,” the Jospin-Morin piece, titled “To face the financial unreason,” starts with some not uninteresting elements of analysis of the current financial bubble and its history. For example, it denounces the wild gap between “the financial sphere and the real economy,” and to oppose global finance, it calls for “a new global counter-power.” Shamelessly, Jospin proposes that regulation “be insured by the IMF with the support of a special entity in charge of settling financial conflicts.” Finally, in the last three paragraphs, the One World currency scheme, defended by today’s Robert Mundell, and akin to Keynes’ “bancor” proposal at Bretton Woods, suddenly emerges: “More fundamentally and progressively, currency should be considered as a world public good and become the center of the new regulation.” In that context, “a merger between the IMF and the Bank for International Settlements (BIS) could inaugurate the new role which should be given to currency. In this way, the first ingredients of an international currency would be established. . . .”

Cheminade’s latest intervention was another article published in *Nouvelle Solidarité*, titled: “True and fake New Bretton Woods,” where he polemicizes against the Jospin-Soros-Rohatyn distortion and its potential criminal consequences.

As these developments demonstrate, the genie of LaRouche’s New Bretton Woods is out of the bottle, and since the bottle exploded in many pieces, no Keynesian lunatic will ever succeed in putting the genie back.

### *Now More Than Ever, the Big Four*

On Oct. 1, Lyndon LaRouche will take to the airwaves for an international webcast that will truly and uniquely address the most disastrous, leaderless world crisis that any living being has ever seen. With banks crashing, war confrontations simmering, and the very foundations of Constitutional government, particularly in the United States, being undermined, most people are clueless on how to deal with the dangers they, and their nations, face. LaRouche—whose warnings of precisely this outcome, should his programmatic prescriptions not be followed, have been totally vindicated—will once again put forward the necessary solution as encapsulated in the webcast’s title, “Now More Than Ever, the Big Four.”

That solution is necessarily a global one. It can be summarized as follows:

*Step 1:* Put the present international monetary system into bankruptcy reorganization.

*Step 2:* Create a new system, a credit system, rather than a monetary system, in the form of an appropriately modern version of President Franklin Roosevelt’s intention for a Bretton Woods system.

*Step 3:* Organize the new system on the basis of an extended form of the 1648 Peace of Westphalia, rather than a conflict-system. The IMF must be replaced by a treaty organization among participating sovereign nation-states, with complementary long-term economic missions of scientific and related progress, per capita and per square kilometer of territory.

*Step 4:* Define a common, long-term mission-orientation of two or more generations’ span for increase of the productive powers of labor among nations generally.

To achieve this result, there must be a concert of leading nations, what LaRouche has called the “Four Power” agreement, to put it into effect.

These are Russia, China, India, and—perhaps the most difficult at the present time to bring into line—the United States.

Contrary to the garbage you get in the media, the current Russian leadership has adopted the right orientation for making such an agreement. Even in the face of insane provocations by the British-directed warmongers in the Bush Administration, and President Bush’s own idiocy, Prime Minister Putin and President Medvedev have repeatedly stressed that they are looking for cooperation with the United States in solving the economic and strategic problems which the world faces. While insisting on no concessions to the British imperial assault, the Russian leadership wants a partnership such as that achieved between the two nations in the period of FDR.

China and India, which have already established an informal strategic alliance with Russia, are also more than ready for such an alliance, as reflected in their responses to LaRouche’s analysis and initiatives.

How then do we bring the United States into political coherence with this emerging bloc of nations, which represent more than one-third of the world’s population? How do we not only ensure that the half-mad President not only stop Cheney from blowing up the world with a new war (as against Iran), but that *positive* action is taken by leading U.S. institutions to establish the Four Power agreement?

We can’t wait for the election to be over. Nothing *in sight* indicates any leadership from the candidates—in fact, the opposite. The true leadership must emerge around the ideas put forward by LaRouche in the immediate weeks ahead. Listen to LaRouche, and work on figuring it out. That’s not good news, but it’s the truth.

# See LaRouche on Cable TV

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- BCAT.TV/BCAT Click BCAT-2 Mon: 10 am
- LAROUCHEPUB.COM Click *LaRouche's Writings*. (Avail. 24/7)
- MNN.ORG Click *Watch Ch.57* Fri: 2:30 a.m.
- RAVITELEVISION.COM Click *Live Stream*. Mon & Thu 11 am; Wed & Fri 10:30 pm
- SCAN-TV.ORG Click *Scan on the Web*. Sat 2 pm Pac
- WUWF.ORG Click *Watch WUWF-TV*. Last Mon 4:30-5 pm (Eastern)

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- LOS ANGELES (East) TW Ch.98: Mon 2 pm
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- SAN FDO. VALLEY (West) TW Ch.34: Wed 5:30 pm
- SANTA MONICA TW Ch.77: Wed 3-3:30 pm
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## COLORADO

- DENVER CC Ch.56 Sun 10 am

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- NEW HAVEN CC Ch.23: Sat 6 pm
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## DISTRICT OF COLUMBIA

- WASHINGTON CC Ch.95 & RCN Ch.10: Irregular

## FLORIDA

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## ILLINOIS

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- PEORIA COUNTY IN Ch.22: Sun 7:30 pm
- QUAD CITIES MC Ch.19: Thu 11 pm
- ROCKFORD CC Ch.17 Wed 9 pm

## IOWA

- QUAD CITIES MC Ch.19: Thu 11 pm

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- JEFFERSON COUNTY IN Ch.98: Fri 2-2:30 pm

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- KENT COUNTY (North) CH Ch.22: Wed 3:30 & 11 pm
- KENT COUNTY (South) CC Ch.25: Wed 9:30 am
- LAKE ORION CC Ch.10: Mon/Tue 2 & 9 pm
- LANSING CC Ch.16: Fri Noon.
- LIVONIA BH Ch.12: Thu 3 pm
- MT. PLEASANT CH Ch.3: Tue 5:30 pm; Wed 7 am
- PORTAGE CH Ch.20 Tue/Wed 8:30 am; Thu 1:30 pm
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- WAYNE COUNTY CC Ch.16/18: Mon 6-8 pm

## MINNESOTA

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- COLD SPRING US Ch. 10: Wed 6 pm
- COLUMBIA HEIGHTS CC Ch.15: Wed 8 pm
- DULUTH CH Ch.20: Mon 9 pm; Wed 12 pm, Fri 1 pm
- MARSHALL Prairie Wave & CH Ch.35/8: Sat. 9 am

- MINNEAPOLIS TW Ch.16: Tue 11 pm
- MINNEAPOLIS (N. Burbs) CC Ch.15: Thu 3 & 9 pm
- NEW ULM TW Ch. 14: Fri 5 pm
- PROCTOR MC Ch. 12: Tue 5 pm to 1 am
- ST. CLOUD CH Ch.12: Mon 9:30 pm
- ST. CROIX VALLEY CC Ch.14: Thu 1 & 7 pm; Fri 9 am
- ST. LOUIS PARK CC Ch.15: Sat/Sun Midnite, 8 am, 4 pm
- ST. PAUL CC Ch.15: Mon 10 pm
- ST. PAUL (S&W Burbs) CC Ch.15: Wed 10:30 am; Fri 7:30 pm
- SAULK CENTRE SCTV Ch.19: Sat 5 pm
- WASHINGTON COUNTY (South) CC Ch.14: Thu 8 pm

## NEVADA

- WASHOE COUNTY CH Ch.16: Thu 2 pm

## NEW HAMPSHIRE

- MANCHESTER CC Ch.23: Thu 4:30 pm

## NEW JERSEY

- BERGEN CTY TW Ch.572: Mon & Thu 11 am; Wed & Fri 10:30 pm
- MERCER COUNTY CC Trenton Ch.26: 3<sup>rd</sup> & 4<sup>th</sup> Fri 6 pm
- WINDSOR Ch.27: Mon 5:30 pm
- MONTVALE/MAHWAH CV Ch.76: Mon 5 pm
- PISCATAWAY CV Ch.22: Thu 11:30 pm
- UNION CC Ch.26: Irregular

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- BROOKLYN CV Ch.68: Mon 10 am
- TW Ch.35: Mon 10 am
- TW Ch.572: Mon & Thu 11 am; Wed & Fri 10:30 pm
- CHEMUNG TW Ch.1/99: Tue 7:30 pm
- ERIE COUNTY TW Ch.20: Thu 10:35 pm
- IRONDEQUOIT TW Ch.15: Mon/Thu 7 pm
- JEFFERSON/LEWIS COUNTIES TW Ch.99: Irregular
- MANHATTAN TW & RCN Ch.57/85 Fri 2:30 am
- ONEIDA COUNTY TW Ch.99: Thu 8 or 9 pm
- PENFIELD TW Ch.15: Irregular
- QUEENS TW Ch.35: Tue 10:30 am; TW Ch.572: Mon & Thu 11 am; Wed & Fri 10:30 pm
- QUEENSBURY TW Ch.71: Mon 7 pm
- ROCHESTER TW Ch.15: Sun 9 pm; Thu 8 pm

- ROCKLAND CV Ch.76: Mon 5 pm
- SCHENECTADY TW Ch.16: Fri 1 pm; Sat 1:30 am
- STATEN ISLAND TW Ch.35: Thu Midnite. Ch.34: Sat 8 am. Ch 572: Mon & Thu 11 am; Wed & Fri 10:30 pm
- TOMPKINS COUNTY TW Ch.13: Sun 12:30 pm; Sat 6 pm
- TRI-LAKES TW Ch.2: Sun 7 am, 1 pm, 8 pm
- WEBSTER TW Ch.12: Wed 9 pm

## NORTH CAROLINA

- HICKORY CH Ch.3: Tue 10 pm
- MECKLENBURG COUNTY TW Ch.22: Sat/Sun 11 pm

## OHIO

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- OBERLIN Cable Co-Op Ch.9: Thu 8 pm

## OKLAHOMA

- NORMAN CX Ch.20: Wed 9 pm

## OREGON

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- PORTLAND CC Ch.22: Tue 6 pm. Ch.23: Thu 3 pm

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- E. PROVIDENCE CX Ch.18: Tue 6:30 pm
- STATEWIDE RI I CX Ch.13 Tue 10 pm

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- KINGWOOD CB Ch.98: Wed 5:30 pm; Sat 9 am

## VERMONT

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- MONTPELIER CC Ch.15: Tue 10 pm; Wed 3 am & 4 pm

## VIRGINIA

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- ARLINGTON CC Ch.33 & FIOS Ch.38: Mon 1 pm; Tue 9 am
- CHESTERFIELD COUNTY CC Ch.6: Tue 5 pm
- FAIRFAX CX Ch.10 & FIOS Ch.10: 1<sup>st</sup> & 2<sup>nd</sup> Wed 1 pm; Sun 4 am. FIOS Ch.41: Wed 6 pm
- LOUDOUN COUNTY CC Ch.98 & FIOS Ch.41: Wed 6 pm
- ROANOKE COUNTY CX Ch.78: Tue 7 pm; Thu 2 pm

## WASHINGTON

- KING COUNTY CC Ch.29/77: Tue 10 am
- TRI CITIES CH Ch. 13/99: Mon 7 pm; Thu 9 pm

## WISCONSIN

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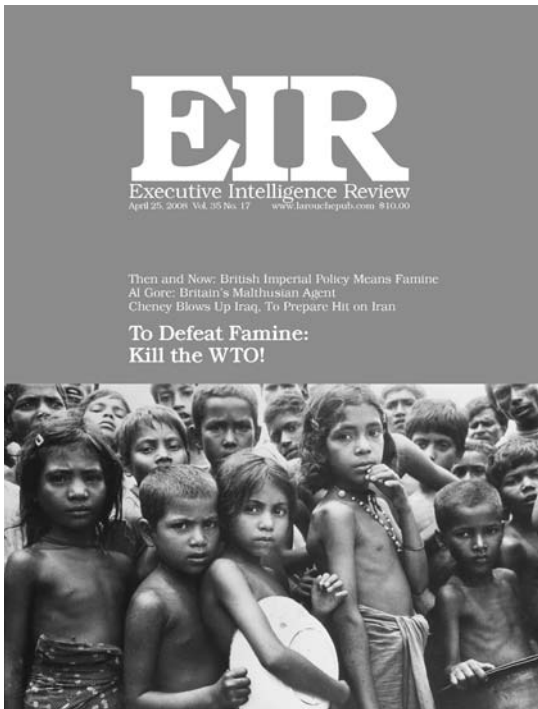
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