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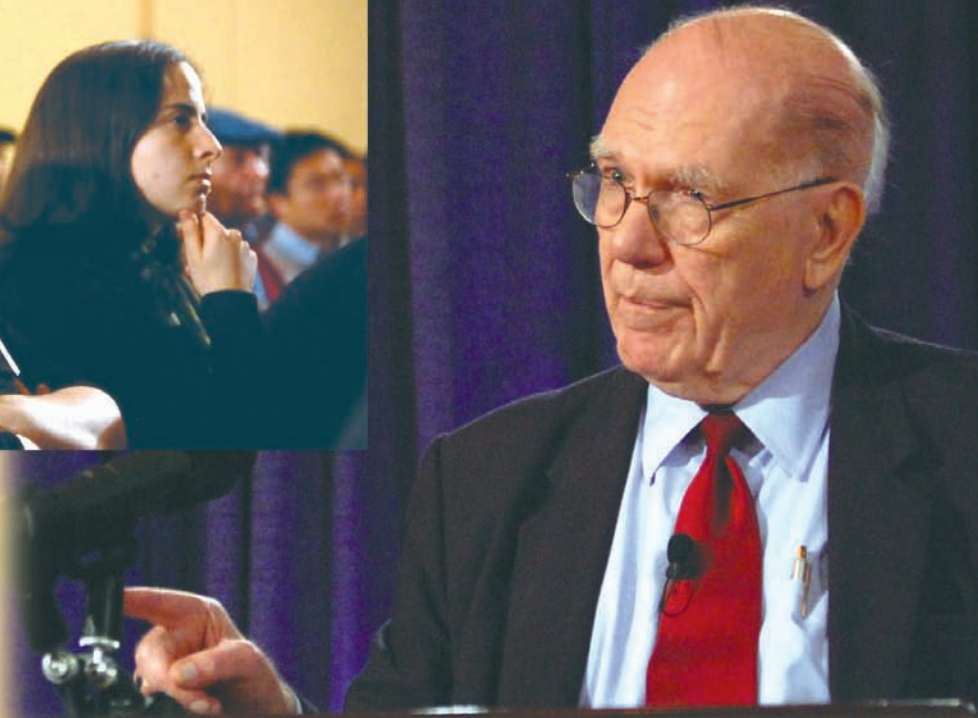
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'Economic Behaviorists': The Nest of Vipers Around Obama  
Latest Sunspot Data Means Goodbye to Global Warming  
BAE Al-Yamamah Scandal Is Back in the Headlines

**LaRouche Webcast: President  
Obama's 'Narcissus Syndrome'**



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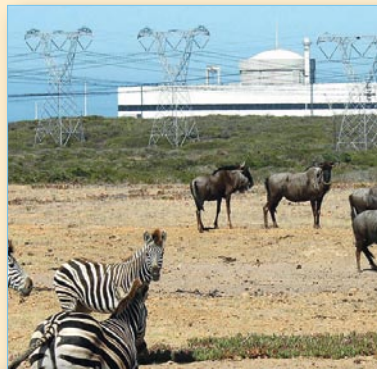
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# EIR

## From the Managing Editor

In Dante's epic poem, the *Commedia*, the Greek mythological figure Narcissus, who loves himself so much, he is incapable of loving others, is alluded to no fewer than three times. In the Eighth Circle of Hell, Narcissus is associated with the Falsifiers: those who practice alchemy, counterfeiters, and evil impersonators.

In his April 11 webcast, which appears in this week's *Feature*, Lyndon LaRouche warned that President Barack Obama is afflicted with a "Narcissus syndrome," as was the Roman Emperor Nero: "A true Narcissus case, like Nero, is not concerned with reality. He is concerned with his illusion. He lives really in a fantasy life, and the only way you can deal with him as President . . . is, you have to put him in an environment where the environment refuses to allow those games to be played."

Have you not been puzzled, even alarmed, by the sudden "change" in the President? This is not the "change" we were told we could believe in. In this week's *Investigation*, an EIR team nails down the source of Obama's troubling behavior: the "economic behaviorists"—a "Nest of Psywar Vipers," whose methods have been crafted by Israeli military intelligence, the London Tavistock Institute, and the London School of Economics. Yes: the British Empire, which now believes it is close to victory in its two-centuries-long subversion campaign to reverse the American Revolution.

A cast of characters, not unlike Dante's Falsifiers, has the President's ear, led by the corrupt Svengali, Larry Summers. They indeed practice alchemy, claiming they can turn trillions in Federal Reserve notes into gold; they are counterfeiters, representing their fascist policies as patriotic; and they are evil impersonators, pretending to be what they are not. They must be swept away, if we are to have any chance of real change: to the policies LaRouche has fought for, especially since July 25, 2007.

A good start would be to crush the pseudo-science of "global warming" (see our report in *World News*); if it is allowed to go forward, the present world population of 6.7 billion will shrink to not more than 2 billion, as in the nightmare vision of Britain's Prince Philip.

The next LaRouche webcast will take place April 28 at 1 p.m. Eastern Time ([www.larouchepac.com](http://www.larouchepac.com)).



## Cover This Week

Lyndon H. LaRouche, Jr. delivers his April 11, 2009 webcast from Northern Virginia.



Photos, EIRNS/Stuart Lewis; design, EIRNS/Alan Yue.

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"We have to understand the President's limitations," Lyndon LaRouche said in his April 11 webcast: "that he seems very bright, he seems very capable, but a lot of matters which he deals with, he hasn't got a clue of what he's talking about. And that's one of the big problems. That's why he's so susceptible to misrepresentation and being misled by people close to him, especially among certain groups. And therefore, in covering that aspect of my presentation, I've restricted myself very tightly, to make sure there's no wrong understanding of what I'm saying."

We publish here the full transcript of the webcast, with a wide-ranging discussion period that reflected the deepening dismay of many policymakers: What *is* President Obama's foreign policy, anyway? Why is he bailing out the banks just like Bush and Paulson tried to do, while unemployment rises and the real economy falls? LaRouche also dealt sharply with questioners who posed "debaters club" questions, while avoiding the crucial issue of political courage to fight fascism.

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LAROUCHE'S APRIL 11 WEBCAST

## President Obama's 'Narcissus Syndrome'

*Lyndon LaRouche's gave this webcast address to an audience in Northern Virginia on April 11, 2009. The event was moderated by his national spokesperson Debra Freeman. The complete audio and video are available at [www.larouchepac.com](http://www.larouchepac.com).*

Because of the sensitivity of certain questions which I'm going to address today, I have restricted myself in the opening to following a certain script, to avoid any possible misunderstanding. Because, it will be obvious to you, as I proceed, that some very sensitive questions about the state of mind of the President have come up, and they must be addressed, because we can not understand the situation or discuss it, without taking these issues of state of mind into account. And you have to be precise. I'm not saying the President is insane. I'm saying he has certain limitations which affect his ability to judge certain things.

Therefore, we have to understand the President's limitations: that he seems very bright, he seems very capable, but a lot of matters which he deals with, he hasn't got a clue of what he's talking about. And that's one of the big problems. That's why he's so susceptible to misrepresentation and being misled by people close to him, especially among certain groups. And therefore, in covering that aspect of my presentation, I've restricted myself very tightly, to make sure there's no wrong understanding of what I'm saying.

When our new President, Barack Obama, left the United States for his arrival in London for the G20 meeting, he not only abandoned our United States for a time, he also abandoned what had been the hopes of many of the nations and peoples of the world. Many in Europe, and elsewhere, came away from the experience of his recent travels abroad, with the sense of



White House/Pete Souza

*President and Mrs. Obama visit “the little Queen of Buckingham Palace” on April Fool’s Day 2009, in the interstices of the G20 Summit. When he left for Europe, LaRouche said, the President took “a mad dive, into what has since threatened to become a fast track into an anteroom of Hell.”*

being enraged, by the experience of mixed incompetence, confusion, and even outright betrayal. Essentially, for the purpose of that excursion, he had abandoned the fundamental interest of defense of our United States, and with a particular expression of treasonous insanity which we had already experienced under two preceding terms in the White House.

Then he left us, for Europe and Turkey, for a mad dive, into what has since threatened to become a fast track into an anteroom of Hell.

When he departed for Europe, as if for the purpose of hugging and kissing the little Queen of Buckingham Palace, the situation inside our United States’ new Presidency was already bad, as the action of that particular scoundrel Larry Summers had already forewarned us. Summers’ and Geithner’s lunatic schemes were not only the prelude to a global disaster which is now bringing us all to the brink of a planetwide New Dark Age for the all humanity. This present situation, and this present

policy, must now be changed, suddenly and radically, for the better, not only suddenly, but very soon.

### **In the Grip of an Evil Cabal**

Then, as we’ve been warned by *Time* magazine, we have a special problem: President Obama is presently in the grip of a thoroughly evil cabal, a most frankly Satanic pack of inherently criminal lunatics, to be found in high places in any real important part of the world, since Adolf Hitler departed our planet, nearly 64 years ago. Now, if we’re to save this republic of ours, and not only that, but the entirety of this planet, from a virtual dive to Hell, we must free this President from the lunatic grip of that pack of fascist-like scoundrels, which has now been identified for us, by *Time* magazine. This pack of scoundrels, identified by *Time*, has represented the cabal which is currently exerting control over the political will of President Obama.

If this nation, and civilization generally, is to survive, the presently accelerating global breakdown crisis must be brought under control, and the control by this crowd over the President’s mind must be severed, and the policy of the

Presidency returned to the council of that set of leading cabinet and related officials, whom the citizenry have a right to expect to be responsible, and also fully sane advisors of that Presidency, as an institution. An institution which serves the historical past, present, and future interest of our United States, rather than this cabal of the likes of Larry Summers and Peter Orszag at OMB.

The word of instruction to these weird creatures who have been identified in a “Timely” fashion, the instruction which should have been offered to that pack, by the President himself, is simply: “Git! While you can still do it!” The welfare of not only our republic, but the civilization more generally, now depends upon the execution of that simple and timely purge of the rascally cult of depraved traditional enemies of our United States, since 1776—the followers of Adam Smith and Jeremy Bentham.

Barack Obama is the elected President of the United States, and I do not presently expect that aspect of our

present situation should be changed.

However, there are certain other things that must change, and that suddenly. As more and more of many among you have learned, since the announcement I delivered in an international webcast on July 25, 2007: that we have been, not in a recession, not in a mere depression, but in a *general global breakdown crisis of the economy of the entire planet*. As long as the present structure of economy, in the United States, in Europe, and elsewhere continues, the world is going *more and more deeply, into a general breakdown crisis*, which will probably result in the elimination, within a generation or two, of two-thirds of the present level of the world's population: a reduction of the population of the planet from 6.5 to 6.7 billion people today, to less than 2 billion, in a short period of time. Entire cultures and entire languages and entire nations would disappear, if this current trend, in the Obama Administration, is allowed to continue. So the change must come, it must come soon, it must come suddenly, while we still have a Presidential team in place which is rational.

The elimination of these factors, such as Larry Summers, and this crowd identified by *Time* magazine, must occur immediately, because if it does not occur, the following will be true: The situation we face, in the United States and worldwide, is comparable in many respects to Rome under the dictatorship of the Emperor Nero. The character of the President under these conditions *is* of that form. He is not really aware of what he's doing. He has no comprehension of many of the technical issues, such as economic issues which he's treating—none whatsoever. He has no clear understanding of strategic interest. He's an intelligent person, in other respects. But he has *no competence* in these areas, for which he is largely responsible as President.

And therefore, only if you eliminate this crowd identified by *Time* magazine, as the controlling influences on him, and put him back into the dependency upon the advice of capable people in his cabinet and related positions, could the United States survive.



*The Emperor Nero (37-68 A.D.) was characterized by his all-consuming ego and his ignorance of policy issues. He purged or “suicided” all his advisors.*

*If, as in the case of the Emperor Nero, who is, historically, a similar precedent for this kind of problem, if you don't eliminate those factors, and let him run under the control of this crowd identified by *Time* magazine, he will eliminate—as Nero did!—all his own advisors from outside that particular team. At that point, with a deteriorating world situation, we can approach the condition of a non-recoverable situation on this planet: *We can go into a New Dark Age of all humanity!* And therefore, that change must occur, now.*

### **The Rip van Winkles Are Awakening**

Now, the other point here, is that on July 25, 2007, I made a forecast, whose premises have been confirmed over the subsequent period to the present date. I was right, and everybody else in the business was wrong. If the proposals I had made, on the 25th of July, 2007, and those supplementary proposals I made up through September of that same year, if those proposals, including the Homeowners and Bank Protection Act, had been adopted, *we would not be in a crisis today!*

Under the last year, or so, of the Bush Presidency, with the connivance of the leaders of the Congress, every step taken, voted up by the Congress, has been a disaster, which has brought us to the point of a general breakdown, an irreparable breakdown of the entire U.S. and world economy. Whereas, if what I had proposed, then, after July 25 of 2007, had been done, we would not be in such a crisis, in the world, today! So I have a certain authority in this matter, since all the others who disagreed with me, have demonstrated their incompetence and their bungling.

Since that time, the upper ranks of the main body of our official political class, have let the fortune of our republic be looted, by the same pack of international thieves gathered around scoundrels such as the alliance of the predators of London, with that great sucking machine, known as Goldman Sachs. And the leading political institutions of our republic have been suckers at





An earlier generation of pseudo-scientific kooks: "The Alchemist," by Peter Brueghel the Elder, 1558.

every thieving turn of our Federal Reserve system, so far.

Presently, some leading figures in our Federal institutions are awakening to the fact, that the U.S. Congress and the relevant, other Federal representation, has been a dismal failure in every important issue, so far, since the beginning of 2006.

Now, it does appear that some among our Rip van Winkles of the Federal level of politics, in the Congress and elsewhere, are in the process of awakening. I think that many of you out there will agree, that the change must come from a kick in the butt to the Congress, by a new brand of leadership, now erupting from among the lower 80 percentile of our electorate, *not* from the top ranking 20%, and not from the majority of the present composition of the Federal Congress. The leadership must come, from the impetus of people on the state and local level, who are not tied to the Federal system significantly, otherwise. There are very few exceptions on the Federal level, who I would trust to make a compe-

tent policy for this nation, at this time, in the Congress or elsewhere.

However, there is a mood building among the ratio of the population which is in the lower 70 to 80% of family-income brackets, among whom are individuals who are not prestigious in terms of their influence on the national scene, but who are honest citizens and have a native intelligence, so that, in the proper process, the natural quality of leadership from within the population, will rise from the quality of leadership on the local and state level, to a quality of leadership on the national level. We can move farmers and workingmen, and similar kinds of people, from the state level, and the county level, to the national level, very quickly. And we will find we will have a better composition of government, and more likely survival of the nation, than under the composition of the present Congress, which has been misconditioned and mistrained.

When I speak of local leadership, I'm not talking about the California sex-freak as governor, nor the sur-

gically tight-lipped Nancy Pelosi. Senator Dodd should retire gracefully. And that scurrilous Barney Frank must be replaced by an honest representative who can actually make intelligent statements.

We must agree to take these kinds of actions now, because this is our only hope of getting through this thing alive.

### The ‘Behaviorist Economists’

That much said, let me read a statement which I have; it’s an excerpt from what my associates have pulled together and published, and I read it here, because it is relevant to this; it’s precise, and therefore I won’t make any mistakes in names and so forth.

“According to the *Time* account, confirmed by sources close to the Obama White House, the President has been surrounded by a collection of ‘behaviorist economists,’ who have cultivated a cult-like following through the publication of such daffy economic tracts as *Freakonomics*, *Nudge*, *Predictable Irrationality*, *The Wisdom of Crowds*, and *Animal Spirits*. These economists include longtime Obama advisors Cass Sunstein, Richard Thaler, Dan Ariely, and Daniel Kahneman, to the exclusion of some of the more well-known and relatively competent economists, originally brought in to the Obama White House, but who have now been cast aside, in favor of the Pavlovian/Skinnerian kooks.

“For these economists—these kooks—the key to economic behavior is the pursuit of pleasure and the avoidance of pain. Human will, especially human creativity, are purely secondary, and always lose out to the craven human impulses, according to these nuts. Unfortunately, the entire inner circle of White House economic advisors, from Larry Summers, to OMB director Peter Orszag, are full-fledged proponents of this insane doctrine of animal behaviorism. Indeed, one of the ‘founders’ and leading figures within the ‘behavioral economics’ camp today is Harvard economist, Larry Summers crony, and arch-hedge fund swindler Andrei Shleifer, the man whose double dealings in Russia, in the 1990s, led to criminal investigations and, ultimately, to the ouster of Larry Summers as president of Harvard. Shleifer’s swindle, and Summers’ coverup of the scam cost Harvard University more than \$40 million in legal fees and fines. When Summers moved, as president of Harvard, to protect his protégé Shleifer, and prevent his ouster, things turned against Summers, and, in 2006, the entire scandal blew up, leading to

Summers’ ouster and a plethora of media exposés.

“*Time* revealed an even larger circle of White House economic gurus, who are all proponents of the Benthamite theories of bestial man. Orszag has been an unabashed behavioral geek. . . . His deputy, Jeff Liebman of Harvard, is a noted behavioral economist, as are White House economic advisor Austan Goolsbee of the University of Chicago, Assistant Treasury Secretary nominee Alan Krueger of Princeton, and several other key aides. Sunstein has been nominated to be Obama’s regulatory czar. Even National Economic Council director Larry Summers has done work on behavioral finance. And Harvard economist Sendhil Mullainthan is organizing an outside network of behavioral experts to provide the Administration with policy ideas, according to *Time*.

“*Time*, with its own history of promotion of fascism and its virulent hatred of FDR, does not ignore the opportunities this collection of kooks surrounding the President offer, to destroy the Obama Presidency. ‘Obama’s efforts to change us,’ *Time* gloated, ‘carry a clear political risk. Republicans already portray him as a nanny-state scold, an elitist Big Brother lecturing us about inflating our tires and reading to our kids. We elected a President, not a life coach, and we might not like elected officials’ challenging our right to be couch potatoes. . . . The idea of public officials, even well-meaning ones, trying to engineer our private behavior to produce change can seem a bit creepy.’”

All right. So, there are certain steps which have to be taken by us now. I’ve said this thing often. This is the situation, generally, summed up, which we face since the President left the United States on his trip to Europe and to Turkey. And since then, disaster has struck. And if we don’t change the situation, this country’s not going to make it.

That set of freaks, these scoundrels, which *Time* has listed, must be promptly eliminated from the Administration. If that is not done, given the President’s profile, his psychological profile, his lack of knowledge in some areas, as well as some knowledge in some others—he’s not unintelligent, but don’t overestimate him: He does not know what he’s talking about *most of the time*, when it comes to technical issues. He got through Harvard by being able to pass tests, but not to formulate answers.

If we get rid of this bunch of bums, this will leave the President with a core of legitimate cabinet members, still, and other leading advisors, who will, I’m

confident, be capable of advising him competently. That is, they know how to think. They know how to think about issues like economy; they know how to think about international policy; they know how to think about strategic policy, and so forth. They're *there*. The problem here, is this team, of these kooks, which are actually controlling the President. *Take these kooks out! Throw them out!* And bring in the cabinet team—who'll be missing a couple of people, like Larry Summers; send him out, too—but in general, in the cabinet and around it, we have people in positions of power and responsibility, in the Executive branch, who are perfectly qualified to advise the President, and will make *sane* decisions, if not always the right ones. And my proposal is, get rid of these kooks, and let the President be guided by more competent people, on these matters which he obviously does not understand himself.

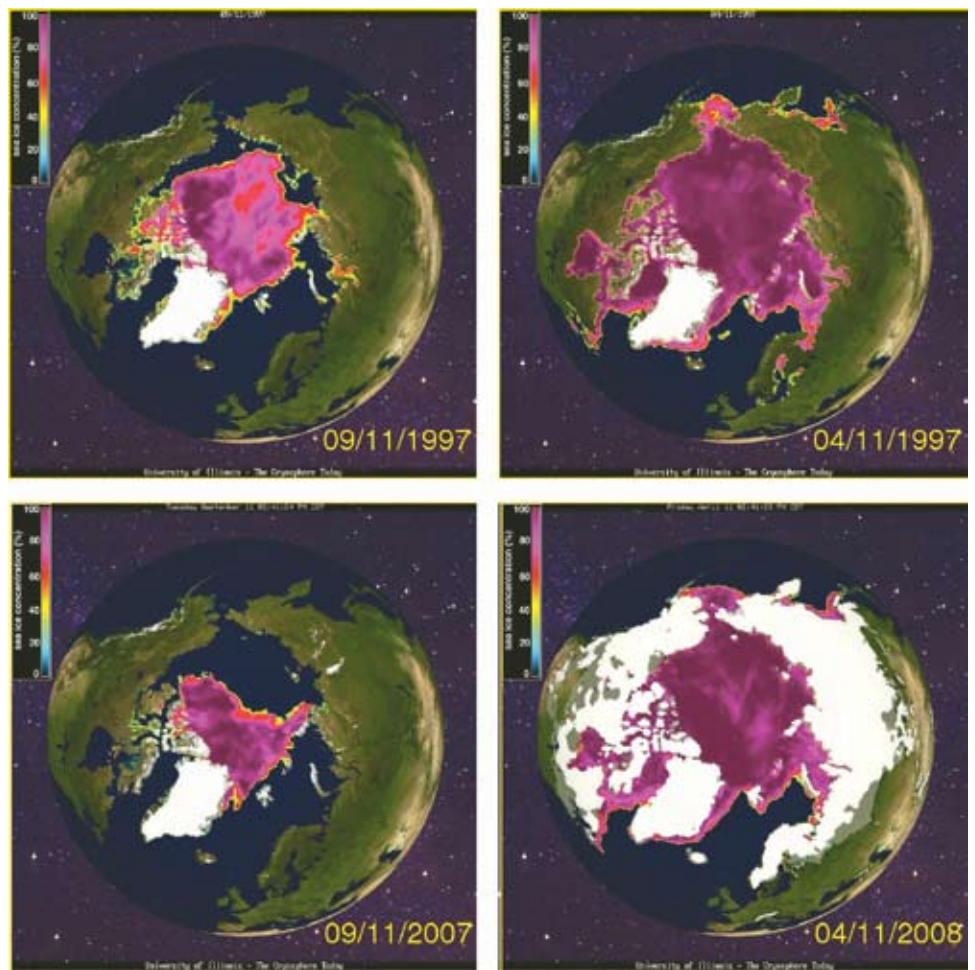
## Seven Questions

Now, I'm going to deal with seven questions, now, with technical questions, and the first one, I'll formulate carefully, as I've done here, again because of sensitivity. But then, I shall just take the other six questions, in my usual style.

First thing, is clear the decks. There's something we have to get out of our system as a nation, *now*. It's a hot subject, people don't like to take it on, but it must be taken on. If we don't take it on, this nation is not going to survive.

The first popular delusion—I'm going to address a

FIGURE 1  
Arctic Sea Ice Refreezes: Where's the Global Warming?



Source: National Center for Environmental Prediction/NOAA.

<http://arctic.atmos.uiuc.edu/cryosphere/>

*These satellite images show the Earth's Arctic regions over the recent 11 years (on each image, North America is on the left, Eurasia on the right; Alaska and the Aleutian Islands, as well as Siberia and the Kamchatka Peninsula, are at the top of the image). The white areas are solid ice cap; the black areas are ice-free ocean; the darker gray areas (shades of purple, on the website) are sea ice of varying thicknesses. The images from 1997 show a much warmer climate than today, due to the effects of that year's El Niño. The 2008 data shows very widespread ice pack. For instructive daily images and animated graphics, see the website cited above.*

total of seven delusions, which affect policy now—the first popular delusion, we must clear off the table of our nation's policymaking immediately, is the following; otherwise, our nation has no chance of surviving this presently onrushing global crisis:

This planet has recently entered two phases of a relatively long-term process of *global cooling*! In the immediate present, we have entered a relatively shorter term, of some years to come, which is already a solar phase of global cooling, as indicated by the recent, om-

inous drop in sunspot activity. That is, sunspot activity dropped, as this happened now, which demonstrates we are entering a solar-determined global cooling, as typified by the re-capping of the icecap on the Arctic. The Arctic melting has ended; the Arctic freeze is back, bigger than ever! [Figure 1] *We are now in global cooling!* Not global warming: Global warming is supposed to happen in Hell. And those who like that should go there!

All right. At the same time, we've entered a long-term tendency toward an expansion of glaciation, as the freezing-over of the icecap on the Arctic has shown. This second cooling phase has to do with three, long-term systems in the Solar System, which are the usual reason for the past 2 million years of the ebbs and flows of a continuing process of glaciation of the planet. In other words, from about 17,000 B.C., there was a significant melt, after about 100,000 years, which resulted in the Mediterranean becoming a Mediterranean Sea, not a lake; and later transformed the Black Sea from a freshwater lake, into a salt sea! And so forth. And this has gone on.

We're now back; we have reached the peak low, in terms of the melt, and the glaciation process is now increasing. And this is increasing because of three long-term factors in the solar orbits which create this condition. There are other factors, like radiation, or the Crab Nebula, which is a distant part of the same [Milky Way] galaxy. It gives us regular pulses of cosmic rays, which interfere with solar activity. So there are all kinds of factors which moderate and adjust these trends. But for 2 million years, this planet has been, and *remains in* a period of glaciation, which gets bigger and then gets smaller, and gets bigger. And generally, these periods are broken down, these ebbs and flows are broken down, in longer-term trends of about 100,000 years.

So we're now coming to the phase where, the freeze is on, boys! Get your overcoats out: Global warming is not going to happen. It could happen for other reasons, but it's not happening naturally.

So this is a fake! *Global warming is a fake.* Anybody who says they're a scientist, and says they believe

Dr. Edward Teller was the first of thousands of scientists to sign this petition on the fraud of global warming.

in global warming, is a *fake!* And is not to be listened to. There are tens of thousands of competent scientists on this planet, who have signed on to attest to the fact, that *global warming is a fraud.* And therefore, the attempt to organize this planet and its economy, on the basis of an assumption of global warming, *is a fraud!* And it's deadly. I'll get to some of the considerations on that later. But it's important that this be understood.

### The World Wildlife Nazis

Now, the entirety of this so-called global warming trend is a deliberate fraud, which has been concocted by the joint action of two principal founders of the World Wildlife Fund: The one, now deceased some years ago, is the former Nazi, Prince Bernhard of the Netherlands; and his buddy, is Britain's Prince Philip. The policy of genocide, as expressed by Prince Philip, as in his intention to reduce the world's population by *no less than two-thirds!* as fast as possible—that's his global warming project—is the same doctrine, which was uttered earlier, and often, by the Satanic figure known as Bertrand Russell, who was the first, in September 1946, to propose the early launching of global nuclear warfare, for this same purpose.

Some will protest that I'm accusing Princes Philip and Bernhard, like Bertrand Russell, of Hitler-like

thinking: That is precisely what I intend to say. And there is absolutely no error, and no possibility of error, in my stating the fact of what I'm saying about that matter, and them, now! That danger, today, is typified by the cases of the burgeoning accumulation of associations such as MySpace and Facebook, whose particular relevance is that they represent, together with devotees of the killer computer games, a lost generation of young people, such as many children and grandchildren of the 68ers, who have fled from the real world, into strange, cultish withdrawals, known to scientists and other scholars from the old times of similar cults: I refer to similar cults, such as the ancient cult of Dionysius, and the modern Nietzschean versions of that cult, such as the Nazi party, the green leadership of the 1920s, the drug cults, the LSD cult, launched in the United States and Canada by the British trio—the Satanist Aleister Crowley, H.G. Wells, and Bertrand Russell—during the 1920s and the 1930s, are the proximate origin of the neo-Dionysian drug- and related social-withdrawal cults, proliferating among many of our young people in the Americas and Europe today.

The cases of the circle of kooks, exposed by *Time* magazine, are expressions of the Dionysian cults, which sprang up under the auspices of the notable 68ers, as spawned as the offspring of the European Congress for Cultural Freedom, during the course of the 1945-1989 interval.

As *Time* magazine has performed a much-needed service in exposing the organized efforts to brainwash our incumbent President, so most of the wicked social phenomena which afflict society have been manufactured by witting agencies, which hide their influence behind that cult of the stupefied, the cult of those who profess: “I don’t believe in conspiracy theories.”

We must remember that virtually all great achievements, in the history of mankind, have come about through the awakening of a large portion of an entire population, to recognizing the absurdity and danger, represented by the kind of Dionysiac and kindred cults of “true believers,” which include the social withdrawal cults such as Prince Philip’s and Bernhard’s World Wildlife Fund of today.

### LaRouche’s Forecasts

Now, I proceed to the other six points: certain popular delusions about the nature of economy. It should be noted here, and on the record, that I’ve been forecasting economic developments, with success, since my first



Sander Lamme

*Princes Philip (left) and Bernhard (right; now deceased), founders of the World Wildlife Fund (WWF), may well be batty. Their anti-population, anti-science policy is explicitly genocidal. The WWF ad features a fundraising gimmick to get people to “adopt” vampire bats.*



forecast, made in 1956, which was a short-term forecast, when I forecast that in about February-early March of 1957, there would be the heaviest, biggest recession in the post-war U.S. history. And it came on time, as I promised.

Then I made a longer forecast, which pertained to the late '60s and the beginning of the '70s, in which I forecast, at that time, unless there were certain changes made from the policies which were operating at the end of the 1960s, that by the middle of the 1960s, we would



*The Aug. 30-Sept. 3, 1971 issue of New Solidarity, then the weekly of the burgeoning LaRouche movement, analyzes President Nixon's Aug. 15 decision to crash the Bretton Woods system. LaRouche had previously forecast an imminent process of disintegration in the economy, if policies were not changed.*

enter the beginning of a breakdown process in the economy, and we must expect, then, that by the end of the 1960s—if that condition continued—or by the beginning of the 1970s, we would be on the way to a general disintegration of the economy.

Now, since that time, I've made a number of forecasts. *None of these forecasts are based on statistical methods.* Because I do not believe in statistics. Statistics do not determine how an economy functions. Because monetary processes do not determine how an economy functions. Monetary processes may reflect the decisions by governments and others, which cause these effects, but it is not statistical processes that determine these processes in economies. These trends in economies are determined by the will of powerful influences who shape policy.

Now, the long-term policy, here, is: It happened on the day, on the 13th of April, 1945. On the previous day, Franklin Roosevelt had died. On the 13th of April, Truman *cancelled* the policies of Franklin Roosevelt, and adopted the policies of a fascist, known as John Maynard Keynes. John Maynard Keynes' theory, at that time, and later—and his followers' later, to the present time—was based on a book written by John Maynard Keynes, in 1937. This book, which was published in German, with a preface in German, identified the purpose of this publication, that Keynes said, in the preface, that it was his intention that Germany under Hitler was an economy better suited to his methods than others states. And he was right! He was right.

Keynes, by the way, was quite a kook, in his own right, in many dimensions of kookery; I don't mean in the oven, either.

Remember what had happened: We, in the United

States, under Roosevelt, had, beginning the day that Roosevelt entered office—we were headed on the road to Hell, economic hell; we had been moving in that direction, as a tendency in policy-shaping, not in trends in economy as such, but in trends in policy-shaping, since the assassination of President William McKinley, which had brought Teddy Roosevelt, and later Woodrow Wilson, the Ku Klux Klan man, into the Pres-

idency. The Ku Klux Klan man, Woodrow Wilson—his family were members of the Klan, and it was Wilson, who as President, relaunched the Ku Klux Klan in the United States, *from the White House, personally!* And the same kind of thing was going on in the 1920s under Coolidge, who kept his mouth shut, because he knew he was a criminal, and might confess; and Herbert Hoover, who was a competent engineer, but had bad politics, and he worked for people who had worse politics.

So, when Roosevelt came in, we were in a long-term process of destruction.

### **Maritime Culture and Astral Navigation**

One more step, which you have to take into account: In the known history of mankind, the superior form of culture was never on land-based development, inland-based development. All successful leading currents in culture, in economic culture, have come from maritime culture: people who lived on the sea, or on the coasts as seafaring people. Because they were working, for one thing—they were more intelligent, because to navigate on oceans, you have to know something about the Solar System and the stars, particularly in long-term navigation.

And during periods of the recent 200,000 years of ice ages, most of the civilization of the Northern Hemisphere was done by people who were living in the Arctic during one part of the year, and going down to other places the other time; or in the Indian Ocean, where there was an important culture, at the time when the levels of the waters of the planet, were 400 feet below, approximately, what they are today. Because the water was in the ice on top of this process.

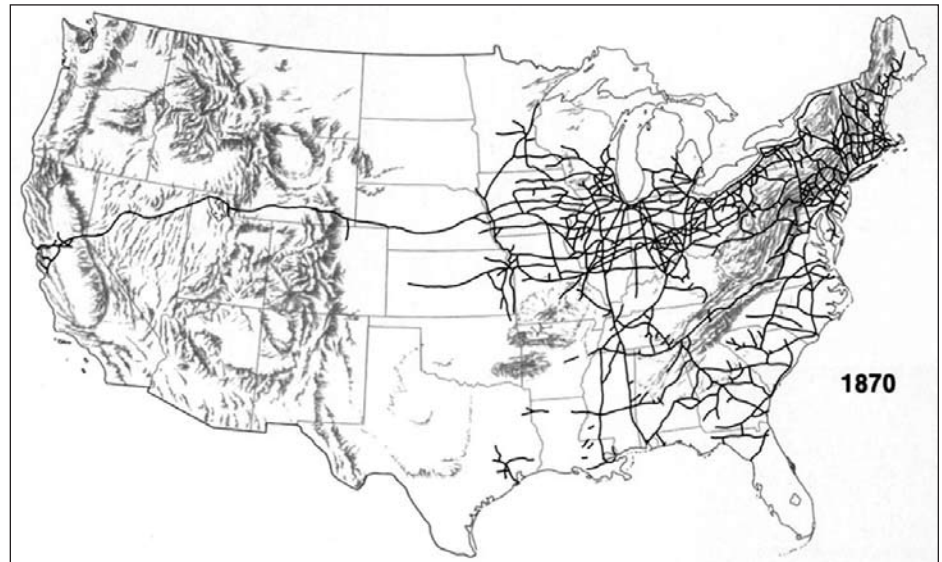
So, the development of a scientific culture—the very use of the word “universal” typifies this—reflects the necessity of using the stars for navigation, because we have a population, which is going around in a flotilla of craft from one part to the other, as the seasons change. They can not do this, they can not migrate, without the ability to navigate, and you navigate by the stars. And the long-term navigation depends upon looking at the star system, rather than just the planetary system. And so, the culture of mankind has always been based, up to a certain point, on maritime culture.

The other aspect is, that until the middle of the 19th Century, it was more efficient, and easier, to trade by water, than by land. Rivers, but especially seas and oceans, were the basis for culture. You had people who were trying to live inland, but under very poor conditions. And the dominant culture of the planet was, for a very long time, maritime cultures, seagoing peoples. And the people who lived inland, were always relatively backward, because it was more costly, they couldn't move around with the facility and so forth, so that was the case.

Now, a change occurred, in the middle of the 19th Century. A change occurred, for two reasons: First of all, the system of empires, that emerged from the Mediterranean, in particular, about the time of the Peloponnesian War, from that time on, the maritime cultures were the dominant cultures of the Mediterranean. They were the dominant cultures, also, of the Indian Ocean. Remember, there was a time, when the Indian Ocean was 400 feet below the level it is today, in which the coast of India was much wider. And during the period of glaciation, the amount of water flowing in the great rivers was much greater. So you had a very important culture in the Subcontinent; and you had important cultures in the maritime areas where culture was occurring. So these were the dominant cultures.

And so, empires, as they developed, developed on

FIGURE 2  
**The U.S. Railroad Grid in 1870, After Completion of the Transcontinental Railroad**



Library of Congress

*The building of transcontinental railroads, starting in the United States during the Lincoln Administration and spreading to Germany, France, and Russia, was a potentially mortal threat to the British Empire, historically based on maritime power.*

the ocean, as maritime empires, not land-based empires—the leading empires were just exactly that.

So what happened in the 19th Century, with the development of the Transcontinental Railroad system of the United States [Figure 2], a development which took this territory, from the Atlantic to the Pacific, and from the Canadian to the Mexican border, and developed in us, a land-mass nation-state, a sovereign nation-state which was more efficient, in its internal *land-based* transportation, than was ocean freight.

It's still the case, today. If you want to ship something of importance long distances, you want a transcontinental, high-speed railroad system—not a car system, but a railroad system; which is more efficient, makes you more productive per capita, than any other way, in shipping for example. Aircraft is not an efficient way to carry freight long distance, except emergency, premium freight. Ocean travel is not the efficient way to get around this planet. The efficient way is modern railway systems, or magnetic levitation systems. That's the best way to develop a continent.

So, what happened then, when the United States developed, in the aftermath of the Lincoln Administration, developed the Transcontinental Railway system—an intention which had already been devised as Secretary

of State John Quincy Adams had devised it—this policy made the United States the greatest power on this planet, in terms of its character.

This, therefore, meant the victory of the United States over the British, who set up the invasion of Mexico, and who set up the Civil War in the United States. The defeat of the British on this point, with the development of the economy around the Transcontinental Railway system, was the greatest threat the British Empire ever faced.

And thus, when Europe, after 1876, particularly, 1877, as in Germany, as in Russia, as in France, as in other countries, began to move immediately, toward the development of transcontinental railway systems, this was a revolution, which *eliminated* the power, the maritime power of the British Empire [Figures 3-4]. And all the struggles and wars we've had since that time, are prefaced by the determination of the British Empire to *eliminate the United States as a power* and to restore secure power, forever, to a British Empire, an empire of money, not of Britons; the British can't think, but the money moves.

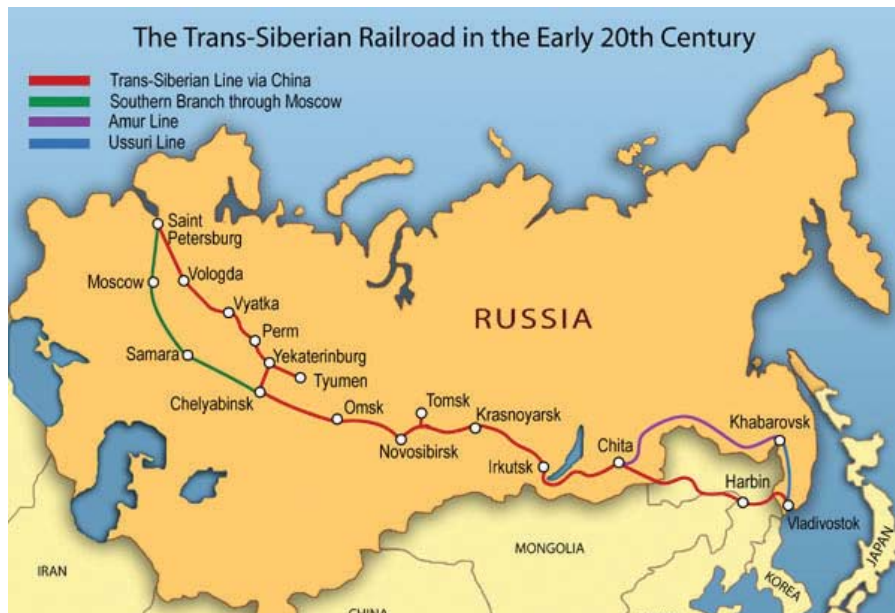
So that's the problem we have. That's the issue of the crisis.

### British Imperialism Is the World Empire

Now, the other side of this, the complement of this, is that the development of mankind, the development of the power of the individual, the development of the nation, depends upon scientific development—fundamental scientific breakthroughs and their byproducts, which are then used to increase the power of man, per capita and per square kilometer, to increase the potential for population and so forth. Whereas, the desire to have an empire, an empire of *money*, an empire of usury, depends upon suppressing the scientific knowledge and practice of populations, and keeping them backward and dumb, and thus controlling them.

And the fight we have, the fight on this planet today, the fight against Prince Philip, that fascist; the fight against the dead fascist, Prince Bernhard of the Netherlands, is the same thing: They try to make us stupid,

FIGURE 3



they tell us we can't have science, we mustn't have high-density energy sources. We must not have this! We must go backward, we must go back to the caves. We must protect the bats! Aren't the bats just as good as we are? It's a sucker society.

So the point is, the fight for progress, the fight for development of science, the fight for capital-intensive investment in the productive power of mankind, is a fight to free mankind from this bestial state of imperialism! And British imperialism *is* the world empire! There is no other empire on this planet today! Any jerk can say he's an empire; he can sit on a street corner and have a little tin can out there and say, "I'm an empire." But he's not an empire! The British Empire is the only empire on this planet, today.

And so, thus, what happened in 1865-66, and then into 1876, was a revolution, which *affirmed the United States in its character as a sovereign nation-state*, and held out to the people of the world to *free themselves from empire!* And to establish a system of cooperating, sovereign nation-states on this planet. And that's the key issue here.

And this issue—it also comes intellectually, in the question of how we think about economy. If we understand, that it is scientific progress, fundamental scientific progress, which is the basis for our ability to meet the demands of mankind, and provide a future for mankind, then the great struggle on this planet, is not a



FIGURE 4  
**The Berlin-Baghdad Railway, Built by Germany in the Early 20th Century**



struggle of wars, of military forces. It's a struggle between those who wish to develop the mind and capabilities of the human individual and peoples, against those who want to keep the people *down!* And keep them on the level that the so-called environmentalists want.

Now, since you can not sustain a population of more than 5 billion people on this planet, without nuclear power and similar kinds of technological progress, therefore, those who want an empire, of one form or the other, want to reduce the population of the planet to *less than 2 billion people.*

*And that's what the environmentalist movement is all about: Is genocide! A program of genocide. And*

that's what Prince Philip means. And that's what that fascist, that ex-Nazi, Prince Bernhard meant.

So, the delusions we have about an economy, arise from the fact that someone thinks an economy is a matter of *money*, or business in terms of *money*, or selling your neighbor. Selling your neighbor himself, not what he has to offer.

So, money is not the determinant of wealth. And the statistical measures of money flows have nothing to do with actual forecasting of wealth. They may affect things, because the policy is that direction. But the thing which affects the planet, is the development of the *mind* of the individual. And the development of the mind of the individual which means a higher level of culture, a Classical culture! Classical art, Classical music, so forth. This is the measure of mankind. If you're against Classical culture, then you're for the destruction of the mind of the society: You want to produce a bunch of animals, who don't know any better. And they grunt. They don't have to learn how to parse; they don't have to know how to do counterpoint; they can just grunt. Or if they get tired of grunting, they can always scream.

So the issue of money is *not* the determinant.

### It's Not Statistics!

What has happened, as in the case of the United States, as it was demonstrated again with the case of Franklin Roosevelt's reform, was, what you need is a fixed-exchange-rate system, among sovereign currencies of nations. Because value does not lie in money! Money is simply a vehicle to organize exchange: investment, and goods, and exchange. It has no intrinsic value. Statistical measures of money flow, do not really tell you anything about how an economy works.

I've always been right, since my first forecast in 1956, I've always been right. And every critical time, everyone's who's opposed me has been wrong: They use statistical methods, which are intrinsically incompetent. They measure in terms of money statistics. It's an incompetent measurement. The important thing is what do you do, to invest in the *physical productive powers of labor.* And also to invest in the development of the *mind* and social relations of people, which are *essential* for that increase in productivity. *The physical productive powers of labor,* made possible by inventions. No animal can make an invention; no animal ever discovered a principle.

So therefore, only man and only man's creativity,

the creativity which is potential in man as in no other species, is capable of creating a modern *human* economy. *No money system defines a human economy*, except as rot in the economy. We need money, in a sense. Money as a deal of trade. But the productivity is the increase of the *productive powers of labor*, per capita and per square kilometer of this planet. And that comes from two things: the development of the *physical power* to produce, which is a reflection of physical science, including biological science. And the other thing, is the development of the ability to communicate ideas of that type, which has to do with the *culture*, a literate *culture* of a people, and the development of that literacy, and the development of the use of that culture.

So, that's what economy is.

Also, there are other things that I'll get to here, but that's the point. The reason people fake it, they say, "Well, what do statistics tell us?" You're listening to statistics? Hmm? Who's your psychiatrist?

It's not statistics.

### **The Auto Industry, for Example**

For example, just to make this point clear, because it is a contentious point: My forecast in 1956, of course, was based on my work in Riemannian physics, as applied to economy. And what I understood, because I was a practical consultant, also, dealing with whole sections of industry, especially the automobile industry and related industries, among others. And therefore, I knew, because Wall Street, and the automobile industries, were producing automobiles which had an approximate useful two-year life. That is, after about two years, the cost of repairs would exceed the cost of buying a new automobile. So what happened was, an effort to have a credit-based expansion of the automobile industry, and some other industries, hardwood industries; they began issuing credit, as for automobile sales, on a 36-month basis, when the typical automobile was stabilized only at 24 months: That is, the physical value of the automobile would begin to deteriorate after 24 months, because Detroit was really producing some awful crap, in quality!

So therefore, they had a 36-month credit allowance. Now, 36 monthly payments on a new automobile was the basis for that section of the economy. But the automobile was only good in net value, for about 24 months. But 36 months wasn't enough, so they came up with another scheme, called the balloon note, in which, what you would have, is 36 months, payments; for the first 35

months, the payments were equal, monthly. The 36th month might be many times larger. And this was reached in many areas of credit utterance, during the 1950s.

So, at that point, I knew that when March arrived—because in the United States economy, we function generally on a 13-month cycle, it's 12 months from the end of the first quarter to the first quarter of the next year. I knew that when the next annual term was going to come, in about March of 1957, that this thing was going to blow, because I had a knowledge of all these industries which were making this particular kind of mistake, under the encouragement of the government policy. So it blew! We had the biggest recession in the post-war period.

People were coming to me and saying, "What's your statistics?" I said, "I don't need your statistics: I know, that out there, you've got automobiles which are on 36-month maturity, with balloon notes in the 36th month, and they're going to hit; and when they hit, this economy's going to go down, in a deep recession. Because it was not just automobiles, but a whole lot of other things—housing and everything else, were in the same racket. So, we knew, or were able to forecast, because we knew the conditions of *physical production*, the relationship between infrastructure and physical production, for those things, the physical realities are the things that give you a tip-off as to what direction *current policy is moving things into*.

The crisis is caused by policy.

For example: We had a 1987 recession, which was as big as the 1929 Depression. October—I forecast that one, too. It came in October, just as I forecast. Why? Because of the quarterly cycle, and the physical conditions of that time. So, what happened then, is you had Greenspan come in, and he came up with this crazy, self-inflating system of credit. And so, since Greenspan entered the position to replace Volcker, in the Federal Reserve System, the United States went insane: We operated under an insane credit system.

The reason we are bankrupt now, is two reasons: First of all, we're bankrupt because of Greenspan; a self-inflating debt. A self-inflating debt! Plus, the fact that, what had happened, when we should have put the thing into bankruptcy, and gotten rid of the worthless debt, what we've done, is we went to *bail out that debt*, through the firm called Goldman Sucks, and similar kinds of institutions. So, instead of putting the thing into bankruptcy to get rid of the crap, we decided to save the crap and kill the baby! You know,



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*Using statistics to try to understand an economy is intrinsically incompetent! The important thing is, what do you invest in the physical productive powers of labor, made possible by inventions, by the development of the mind. Above: The case of agriculture. In the photo on the right, a GPS antenna and yield monitor allow the farmer to produce computerized color-coded yield maps for each field, optimizing his future production.*



USDA/Bruce Fritz

save the diaper—kill the baby. And that’s what they did.

So, in these cases, it is not money, it is not statistics, it is not monetary theory, that determines the way an economy works: It is physical! But physical includes the fact of the human brain, which is not like any animal brain, no animal can make an invention—only human beings can. And it’s the kind of way in which we organize our *social system*, by adopting *social conventions*, as to how we behave, and the physical effect of these conventions. Therefore, if we have defective conventions, which are not functioning properly, we’re going to have problems! And these problems are foreseeable—in *physical* terms! Not in money terms, in physical terms. However, of course, if you’re printing money, you know, without limit, then you’re going to have hyperinflation. But that’s a not a monetary thing, that’s an idiocy problem.

### **Delusions About Profit**

The other thing, is the question of delusions about profit, the third point. Now, mankind is the only creature on this planet, which is not an animal—though some of our people try. Human beings have creativity: That’s the ability to discover a true universal principle, as typified by Johannes Kepler’s discovery of universal gravitation, all by himself. And that’s an example of a discovery of a universal physical principle, as this was later explained in more detail by Albert Einstein, and so forth. So there are these principles. And thus, man’s

ability to discover universal physical principles, and similar kinds of principles that affect art and so forth, are the means by which mankind is able to increase our productive power.

Now, in the case of an animal species, or a group of animal species, like a habitat, this group of animals, has a limit on its population, which is determined by the condition of the habitat. And the animals can not go above that without a favorable change in the habitat.

Human beings are different. *We create the habitat.* We create a new kind of habitat. And the typification of that is our use of the discovery of universal physical principles. We invent the ability of the human population, which has otherwise the potential of the gorillas or the chimpanzees, for earthly population. Mankind is not a chimpanzee, though some people seem to try to qualify for that. And therefore, mankind is capable of increasing the human population above the chimpanzee level! That means, you’ve got an ecological problem: Because, if you want to monkey around, behaving like a chimpanzee, you’re going to be in trouble. You’re not going to have much of a family life!

So therefore, human society is able to develop a large population—we have now *6.7 billion* people on this planet! There’s no species in existence that’s able to

do that kind of thing! It's because of the human brain! Not the brain as such, but the human mind: the power to invent, the power to invent social processes as well as physical processes. So therefore, that is man.

Therefore, what does this mean?

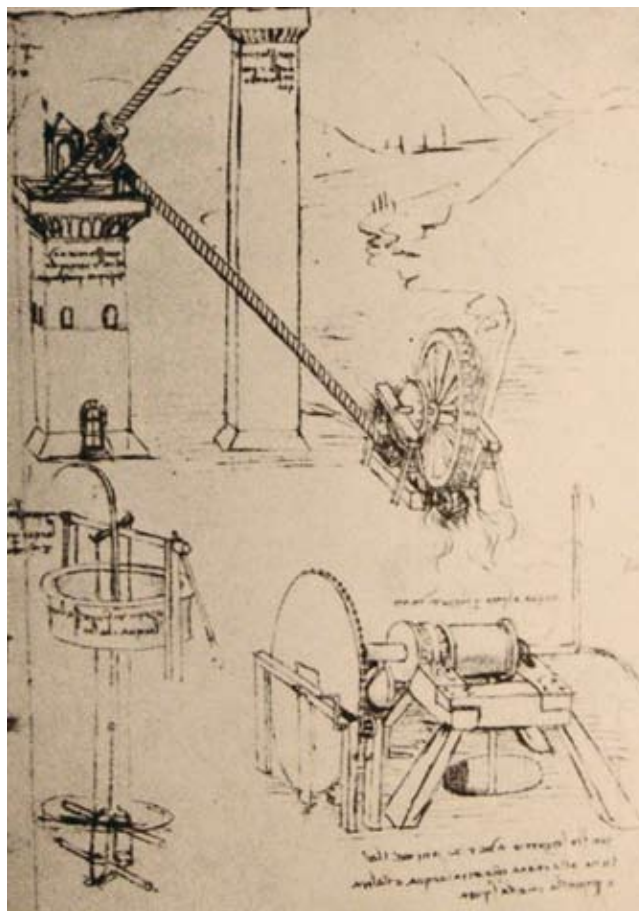
Take the case of the Biosphere: A Biosphere normally has a certain limitation on its population, and it's not just on the particular species, it's on a group of species which interact in a habitat. Mankind has long outrun the kind of potential that an animal species would have had, say baboons, or whatever. So therefore, also, we are using up some of the resources available to us near the surface of the Earth. So, how do we live, if we're doing that? How do we violate what the biologist would say is a law of nature?

We actually increase the power of mankind to live, by what most people would call "overpopulation." We increase man's power to exist! And [increase] our standard of living, by doing that.

So therefore, what do we mean by "profit"? We don't mean money profit. We mean something that may be reflected, apparently, in accounting figures, as monetary profit, but it's not monetary profit. What we do, is we increase the productive powers of labor, per capita and per square kilometer; that's the margin of profit. This comes largely from innovation, from the application of discoveries, or their application in an improved way. Mankind is using up—most of the resources we use are what? Most of the resources we use to live, come from the Biosphere.

For example, we dig minerals out of the soil in the upper stratum of the Earth. How'd those minerals get there? Well, animals died! Little animals died; and when they died, their skeletons, or their equivalent of skeletons, are deposited in certain areas. That's how you find things. All these kinds of things are left as deposits by dead little animals. We dig down, and we find an ore, a lodestone. We find an ore; and we dig it up. But we're using it up! Ah! What do we do? Well, then, we have to build up our productive power by new discoveries, which means, *we increase the capital investment*, in life. We invest more, physically in maintaining a human being, to compensate for the fact that we're draining down some of the so-called raw-materials sources, which have been left behind, as a heritage for us, by dead animals. Their little dead bodies. You find most of your minerals that way.

So therefore, profit really means, that mankind, through the mental powers of mankind, in developing



Leonardo da Vinci's sketches of hydraulic machines. Profit comes from the mind of man, who is able to make inventions and realize them to increase the productive potential of mankind.

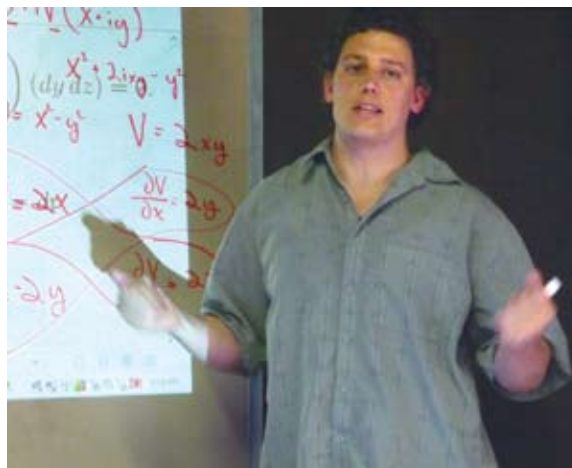
not only physical-scientific discoveries, but in terms of increasing *capital-intensive investment* in mankind, we *increase mankind's ability to outrun* what would have appeared earlier, as the limits on population. And this is real profit. Profit comes from the mind of man, who is able to make inventions and realize them to increase the productive potential of mankind to live, even while apparently otherwise depleting the Biosphere environment.

The planet is composed, chemically, of three elements. The total element of the planet Earth is about the same as it was a long time ago. At first, it was mostly abiotic, non-living processes, was the composition of the planet. Living processes took over, and began to develop the Biosphere. So the Biosphere began to grow, which meant, even though the planet was a fixed total volume, the Biosphere began marginally increasing, increasing, relatively at the expense of



EIRNS/Tarrajna Dorsey

The LaRouche Youth Movement's cadre development program concentrates on reliving the unique, original discoveries of the past, so as to make such discoveries in the future. Here, the LYM chorus sings Bach's motet "Jesu, meine Freude" at a Schiller Institute conference in Germany; LYM leader Cody Jones leads a seminar in Northern Virginia on the science of dynamics, April 2009.



EIRNS/Jams Rea

the old material, the abiotic.

Mankind comes along; mankind depletes the Biosphere, which we grew up, by life, eating up some of the pre-Biosphere. Man now does the same thing. So therefore, the power of human creativity is increasing. The effect of human creativity is increasing: Mankind is demonstrating that mankind is not a *part* of the Biosphere: Man is something *superior* to the Biosphere: man's creative powers.

And that's what an economy really is. Economy is based on the development of the creative powers of mankind, those creative powers which distinguish the human being from any animal. And thus, it's the mind of man, and the culture of man, and the culture of mankind, the culture of society, that's important.

This is the delusion of profit.

## Energy, Creativity, World Trade

Now, energy: Energy is measured largely in temperature, not calories. Energy is hot stuff!

A calorie is valuable in terms of the temperature it embodies. Therefore, the human race could not live on this planet on the basis of a green policy. A green policy for the planet, a so-called environmentalist policy for the planet, would mean the destruction of most of the human species. It's mass murder. And Bertrand Russell understood that, and probably Prince Philip does too. So that's the problem.

The value of a calorie, in energy terms, is its *relative temperature*: The higher the temperature, the greater the value of a calorie. The lower the temperature, the more worthless the calorie. And if your energy policy is counting units of energy, in terms of so-called "free energy," you're going to commit genocide against the human race—and there's no scientific excuse for that genocide.

Now, creativity: This is the most important question, in economics. The human being, the human mind is capable of discovering *laws of the universe* which are not mathematical

laws as such. They may have a mathematical reflection, as a shadow; that is the footprint of discovery. But it is not the *content* of discovery. The content of discovery is the *act of discovery*, not the content of it, not its energy footprint. And therefore, what you want is a culture which has a higher degree of creativity in the culture; it means you don't want the kind of garbage we have as music and entertainment today! You want to go back to some time when we had a *better* culture, before the end of World War II, before the developments of the fake musical culture, the fake literary culture, all these kinds of things. You want to go back to scientific creativity: You don't want Facebook; you don't want MySpace; you don't want these other symbols of degeneracy! Of people who want to live, entertaining themselves, by doing nothing! But just talking about it. You talk about nothing, you call it something.



Library of Congress

*“We don’t want globalization!” Trade is properly an expression of the culture of a sovereign nation, of its creative processes, and the sharing of discoveries and progress among people of different nations. Shown here, the Port of New York, an opening to the world, in the 19th Century—looking south from the Battery. Currier & Ives, 1892.*

Then, world trade: Again, culture. The characteristic of human culture is located, associated with language. And why? Because language is a vehicle we use for transmitting creative work among people. But creativity is not language. Creativity is the *use* of language, and various senses of language, to be able to formulate problems and to create creative solutions for those problems. That’s creativity. And the creativity of a population is located in its culture.

### **Immortality and National Sovereignty**

Now, this again, gets to a theological question, but it’s a crucial one you can’t avoid in science. It comes into the question of the immortality of mankind. When people die, unlike animals, they don’t really die. Think about it in terms of creative abilities, creative powers of individuals: Now, someone has made—like Einstein or Kepler, or someone—has made a discovery. How does that thing work? Well, he’s made a discovery, and he knows how to apply it, presumably. He communicates

it to others. Well, how does he communicate it? He communicates it by inducing them to go through the experience of making a discovery. How are discoveries promulgated in society? They’re done by a process in which a person who dies does not really die as an effective part of that culture, if they’re creative. Because, to transmit a creative idea, you have to re-experience it. And what happens in society, the principles we develop, among skilled people, who are skilled in culture, skilled in science, and so forth, is that what they discover is replicated in a continuing process by those who come after them. That’s how it occurs. That’s what a culture is: It involves language, it involves all the instruments by which we communicate culture, embody it.

So mankind is essentially the *only known, immortal living creature on this planet*. And immortality is expressed in the fact, that the *ideas which are creative*, actually creative, human activities, can only be promulgated by their experiencing them, in people who come after those who started the process of that particular dis-

covery. That's the way science works! It's the way art works!

Take the case of all great Classical music, which generally has its origin in the discoveries of Johann Sebastian Bach: There is no part of Classical musical composition, which does not involve *reliving the unique, original discoveries, in music, and in counterpoint, by Johann Sebastian Bach*. You can not possibly understand music, you can not possibly replicate it—Beethoven could not have been Beethoven, if he didn't absorb Bach! Bach is living in Beethoven! In his work! Bach is living in Mozart, in his work! Bach is living in Brahms, in his work! And anybody, who doesn't like Bach, ain't a musician!

The same thing is true in literature: the same thing you see in Shelley, on poetry; the same principle is true. *Human beings do not die in the same way*. The flesh dies, the body dies. But the process of creativity set into motion within human beings, is perpetuated by *other* human beings, who continue the same process, the same thoughts, the same experience!

Why is it important to us, to think of our ancestors? Why is it important for us to think about ancient cultures? Why do we try to understand man today, by going back tens of thousands, or hundreds of thousands of years, to the first samples of human existence on this planet? Because we have a hunger to absorb that which makes human beings human, and not animals. This is creativity. Creativity is something experienced.

So therefore, to have a society, not of dumb bunnies, you have to devote yourself to engaging our children, and others, in *reliving* the experience of the discoveries, upon which mankind's progress has been based. And the individual is, in that sense, immortal.

This immortality is expressed in a dynamical way, within the culture.

Therefore, if you want to have an economy, you've got to think about the language-culture, and associated features of culture of a people. And that is the basis for a nation-state. Does that mean we have a competition with or a hatred of other nation-states? Of course not! What do we do in practice? We're always trying to engage and understand the creative process in people of a different language and different culture. We're trying to absorb and transmit what they've contributed to humanity: To us, it's precious. We seek to protect it. We create museums. We do all kinds of things to keep knowledge of creativity of the past alive, and to share it among different people of different cultures. And that's

true of an economy. And that's true of world trade: That's the issue of world trade.

Now, the question of national sovereignty. Since human beings are creative, then, it's the interaction of human beings over successive generations, within a cultural framework, which is the collective thinking of that people. This is the true free will of a people, is its culture, the creative aspect of its culture, usually, associated with its language-culture, or associated with groups of language-cultures.

So therefore, we have this relationship, as typified by the principle of 1648, of the Peace of Westphalia: peace among cultures. Love between cultures. But respect for the *sovereignty* of the culture, because the *sovereignty* of the culture is the location in which the identity of creativity is located; its expression is located in a language-culture. Therefore, *respect* for the language-culture, and the tendency to *assist* the other culture, to succeed, is the proper relation. So therefore, the society we want, is the society of nation-states.

*We don't want globalization!* Globalization is for monkeys, not for people! Monkeys can go around the world in different places; chimpanzees can do that, and as long as the habitat's friendly, one monkey's pretty much like another monkey. And I don't believe that human beings should monkey around.

So, I've said what I think sets the tone for discussion which we're now going to have. Have fun.

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## Dialogue with LaRouche

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**Debra Freeman:** Thank you, Lyn.

I want to start with a question that has come from a Democratic Senator, who's heavily involved in foreign policy questions, and in directing the Senate's role in shaping that policy.

He says, "Mr. LaRouche, one of the problems that we face here on Capitol Hill, is that it has become increasingly difficult for those of us in the Democratic leadership to determine administration policy.

"As I think you know, last week, we delivered—'we,' meaning the United States—delivered stern warnings, that if North Korea conducted a planned missile test, that there would be serious consequences. The fact is, the North Koreans went ahead and did it. That was over one week ago. However, since that time, there has been no indication of how we would respond. There has been no move for a resolution within the United Na-

tions, no Presidential statement—nothing.

“At the same time, Secretary of State Clinton was sent off to tell the Russians, that no missiles would be placed in the Czech Republic or Poland, provided that the Russians cooperated with the United States around issues surrounding Iran and other related topics.

“We were briefed that President Obama indicated the same thing to the Russians, during the G20 meetings in London. But then, just a day or two later, the President was off to Eastern Europe, and he indicated quite the opposite, that the United States would, in fact, be placing missiles in the Czech Republic in order to contain Iran. Then, the President came back to the United States. And, as I think you also know, upon his arrival here, we were told that money for missile defense was being slashed; that the missile system that had been scheduled to be placed in Alaska was being halted.

“The fact of the matter is that for us, the issue is not one of agreement or disagreement with the President’s policy. For us, the question is trying to figure out what that policy is. This has really created a terrible situation on Capitol Hill. You’ve been very critical of the behavior of the Democrats on Capitol Hill, both in the House and the Senate. But faced with a situation like this, how would you propose that we proceed?”

## We Are a Presidential System

**LaRouche:** Well, the problem is that Capitol Hill tries to adapt to what Capitol Hill wants to do. And often Capitol Hill is insane. The very idea of ever supporting this missile thing, based in Czechia, and in Poland, was *lunacy from beginning!* There’s no need for it. There’s no purpose. First of all, it won’t work! The pretext for this thing, was to have a counter to threat of missiles, from Iran! In Poland? The question is whether a missile from Iran could reach Poland! They’re not supposed to be too well perfected, yet.

The Russians said, “Well, why don’t you quit that. And let’s go somewhere near Afghanistan, and we can probably get an anti-missile system there, which is much more relevant to something coming from Iran.”

But of course, the issue is not really Iran! The point is, they want to destroy Iran, because some people like Saudi money. And the Iranian Muslims have a different religious background than do the Saudi ones, so this is



U.S. State Department

*U.S. Secretary of State Hillary Clinton with Russian Foreign Minister Sergei Lavrov in Geneva, March 6, 2009. She and other Administration officials had indicated that U.S. anti-missile missiles might not be deployed in the Czech Republic or Poland, but after the G20 Summit, Obama apparently changed his mind. What is his policy?*

all the kind of thing that goes on in this thing. It’s completely insane!

Secondly, if we’re to understand anything about economy today, you have a certain number of nations that are really responsible. Now Western and Central Europe is not responsible any more. Why? Because they don’t have any sovereignty any more! It was taken away from them, by the globalization process, in Europe itself. *No European nation has any effective sovereignty*, in Western and Central Europe. So, don’t ask them to make a decision, they can’t! They have to wait for orders from London. They can’t make their own currency, they’re globalized.

Now, what have we got? I’ve set this thing clearly, and these guys in the Congress should stop trying to bat down loony questions and answers. Yes, the answer’s loony, but the question was loony! How can we stop the threat of Iranian missiles by putting missiles in Czechia and Poland? *Lunatic! Nuts!*

I can stop it. Give me the authority. I’ll talk to my friends in Russia, and China, and India, and we’ll stop it. It’s that simple.



Look, when you're talking about warfare today: *Think! What is general warfare?! It's nuclear warfare! It's thermonuclear warfare!*

*There can be no general war, without thermonuclear warfare, today!*

Well, what kind of defense do you want against thermonuclear warfare? In a sense, there *is* nothing. I was the last one who brought up that question. And I had an answer. They don't like that answer.

So, they're saying that Obama's loony. Of course he is. He does not have the capability to grasp certain kinds of ideas. Does it mean we have to throw him out of the Presidency? No. Our Presidency system has certain flexibility in it. If the President is confined to working with a system of the Administration, of the Executive branch, which has a relationship with the Legislative branch, and the Judiciary, we can do just fine. But we have to understand that the President is not the big loony be-all/end-all. And if he's nuts, we've had nutty Presidents before: Just look at what we went through with this monster we had for two terms just recently: a perfect lunatic! Or not perfect, but a lunatic.

So, we are a Presidential system. We're not a parliamentary system; they have some crazy guy who's called a "prime minister"—or the "primed minister." And every time they get unpleasant, they just throw him out, and get another one. There is no accountability, as with an executive system of government, a true Presidential system. You have an approximation in France; you have an approximation in Russia. The way we function when we adhere to our Constitution: We are *not* a one-man government.

Now, Obama seems to have a problem, in thinking that a President is running a one-man government. Ours is *not* a one-man government. What we have—do you know what we have? Do you realize the power we have in our system, politically? We have institutions of people, some of whom actually serve as members of government. Others, like me, will serve as part of government, but not officially. We're all putting our brains to the wheel, so to speak, to deal with the problems that have to be faced. We all are expressing ourselves up the stream, and the decision is made in our government, when it's functioning—when you don't have a George Bush, for example—and you have a fighting chance. With functioning institutions, we are the government.

Well, who is the government? The government is not the President. The President performs a function within the government, as the chief executive officer of

government. And ours is a Presidential system, essentially.

And all of these channels work. What I deal with day by day, and I've done it for years now, is work exactly with that system. We have a system, a Presidential system, and that's the Executive authority, and the President has to be confined within the bounds of the Presidential system, and the larger system as a whole. The problem with Obama is, they're trying to make a nut out of him. They're using his incompetence in whole areas, to make him a nut.

And when you take this pack of fools, exposed by *Time* magazine, and add in Larry Summers—who's a piece of crap all in his own right—you put this crowd in there, and you don't have a Federal system of government. You don't have our system. You have a bunch of *nuts*, insane, lunatics. They should be kept in cages, not in offices. This pack—the whole bunch—are insane; they're morally insane! They have no affinity to our system of government. They don't *believe* in our Constitution. *What the hell are they doing running our government?* They couldn't pass an oath of office.

So therefore, what we need to, simply, is not to dump the President. Say: "Mr. President, you're now a member of the Executive branch. You have the title of President. You will be treated nicely if you behave yourself." It's true! So therefore, you have put him in a position where he has to vet any decision he makes, and rely upon advice, not just the advice and consent of the Congress, but advice in his own institution. His military.

### **Shut Down the British Empire's Drug Trade**

For example, what he did in Afghanistan. He's putting troops in there, this nut. *We don't want troops in Afghanistan.* We want to get the drug pushers; we don't want to shoot Afghan farmers. We want to close the borders. We want to shut down every sign of drug traffic internationally, in the cross-border operation. You want to push drugs? Don't push them across the border or we'll get you!

That's the policy, as we're working now on the question of Mexico. We are going to crush the drug traffickers. That's not the farmer who grows the drugs, because the farmer's often the slave, as in South America or in Afghanistan. The farmer who's growing the opium is a *slave*, living under threat of death, under compulsion. He doesn't get paid much for this stuff. He barely makes a living. He probably gets a higher income from vege-

tables, but they will come in there, and force him to take a crop of opium. Then they will take the crop and pay him what they wish to pay him, and they'll move it into Europe. And a crop that's worth \$600 on average for a farmer in Afghanistan, when it gets to Europe will be some millions of dollars, the same crop. So in Europe, what do you want to do? You want to *shut* that traffic down.

Ban the traffic. The drug traffic is killing us, just like it killed China in the 19th Century. We're going to shut it down. We don't want to put more troops into South-west Asia, to get into wars with farmers, and start that kind of warfare. We want to seal the borders, and the first thing is, we put George Soros in a cage. He's the world's biggest drug pusher. Put him in a cage! Get rid of him!

But the British are running drugs. What's new? They've been running it since the 18th Century: international drug traffic. They destroyed China with the drug traffic. They're trying to do the same thing again to us, to Mexico, and to others. The same methods. The same destruction. Destroy civilization.

So the problem here is that the institutions are not responding to reality, and the reason they're not responding to reality is that there are extraneous things, like the British, who really run the only empire in the world—it's not the British people, they're not even involved on this thing—but the British Empire, as it's constituted, like a business organization, runs the world as an empire. And the only effective challenge to that is from the United States. If the United States has an agreement with Russia, China, and India, you will get other countries jumping in on the agreement immediately, and we will have the greatest power on this planet concentrated in the cooperation among these nations. And we can solve any of these types of problems. We don't need to start nuclear World War III.

I know the situation in these countries. I know the craziness that goes on. That's all right. I know how to deal with it. And I know people in this government—that is, people in the institutions of government of the United States, who also understand this kind of thing. They may not each individually understand it, but if you get them in the same room, the representative parts of the people, they'll all come to an agreement, because they'll recognize who knows what's going on and who doesn't. And they'll give in to what the person they think who knows what he's doing.

So, we don't need this kind of problem. We

shouldn't get into these issues, and I know the Senate does that, and the House does it also sometimes. But it's nonsense. What we need is a national policy, articulated by a national executive, essentially, or institutions around the executive, who are in constant ferment about these things. I know there are people in these institutions of relevance, who understand these problems, but it's not getting through this President. He's not getting the message! Why? Because he's got other people giving him the message, people who should not be in government.

And our job is, we can take this President. We can use him. He can be President. If we function properly, he can be President. So he doesn't know anything, so what? We can make him look good, and he can go out with a good record. That's how we do it sometimes. I've seen this in corporations; for example, the head of the corporation is a big dummy, but the other people used to make it work, and they all cheered him as a hero. He didn't know a damn thing he was doing.

So, that's the point.

And we should try to formulate our ideas about these things in the right way. We need to have a Presidential system. We know also, the problem here is the Wall Street gang. It's a problem in the Senate, and so forth. The same Wall Street gang which robbed us! Who do you think the problem is? Who robbed us? Who gave us these multi-hundreds of trillions of dollars of debt, which are now coming down on us? You add up the score. See how big it is, because it's a self-expanding debt. Who gave us this cancer? Goldman Sucks and similar kinds of institutions. Well, why do we let them make the laws for us? Why did the Congress pass the laws? Why did they pass the bailout? Why do they get more bailout every time? Why did we loot our people, loot our industries, loot our farmers? Loot our medical system, which is breaking down now? Our health care system is breaking down, as a result of this thing. Why did we let that happen? In order to pay off Wall Street? To pay off London, with their ill-gotten gains?

The problem lies not with what the Senator's referring to. The problem lies in that we get into this mess because we refuse to take the bastards on whom we should take on! And then we find ourselves trying to build a fence, a walkway around an issue we couldn't face up to. Like this thing: How do we handle the Polish missile base? You don't give them one! They don't need one! What are they going to do with it, farm with it? Plow the field with it? Whatever?



*The world economy, LaRouche said, is largely being run by academic whores such as the “economic behaviorists.” A girl needs to make a living, after all! Shown here, customers line up at the door in “A Harlot’s Progress,” by William Hogarth, 1733.*

## You Don’t Need a License To Practice Thinking

**Freeman:** This next question comes from some of our friends on the West Coast, out at Stanford. They say, “Mr. LaRouche, as you know, we were tasked to forge a series of economic policies directed to restore health to the nation’s economy. We were told to assume an FDR-type of approach to restoring vital sectors of production, rebuilding decayed infrastructure, determining the need for new infrastructure, etc. And although the specifics of dealing with problems of monetary and financial policy were not part of our immediately defined task, it was made clear that we were expected to also address those issues. Obviously, we had to figure out how to fund the recovery programs we were proposing. For several months, we’ve been making very significant progress, although that kind of came to a halt these last few weeks when it became increasingly difficult for us to determine if the President still wanted us to proceed with our work. There has been almost no indication that the administration intends to do anything until Wall Street agrees to it. That is certainly not an FDR-

style approach, and also, while Wall Street is clearly being consulted, we are not.

“This led us to forward a question to Washington, as to whether or not we should continue our work. The response we received rather quickly was, ‘Yes, absolutely yes.’ But this is a very frustrating situation. As a Presidential advisory group, we work independently and without compensation. That isn’t a problem. When we speak, we do not speak on behalf of the Administration, but we are encouraged not to speak publicly for ourselves either. That is something of a problem.

“The truth is, and I know that I speak not only for myself but for many of my colleagues, these last few months have reminded me why I relocated to the West

Coast in the first place. I wanted to get as far from Washington as I could, and still live in the United States.

“But, in all seriousness, the question is, how do we proceed? Should we simply ignore what is going on in Washington, and continue to try to forge these policies and analyses, even if it seems, at least right now, that no one is listening? Also, is it your estimate that no one is listening? Is it possible that there is some plan and we have just not been informed of it? Your thoughts on this would be greatly appreciated.”

**LaRouche:** Well, I have a partial response to that of some relevance. I’ve been watching what has been coming out of Prof. James Galbraith, and I have just received recently—which I’m working on a reply to—he wrote a paper entitled, “A Bio-Physical Approach to Production Theory,” and which has a flaw in it, but, he’s a clear thinker, as thinkers go in the economics profession these days, and therefore he poses some questions which I think are highly relevant. And what I’m doing in replying to this, as I have in progress here, is to answer, basically, what I see as the implicit question he’s posing, as opposed to maybe what he’s actually

directly asking. And I think he wants to see what I do with his statement, which, in other things, I wouldn't bother to waste his time with, in going over discussion of them, because I think the question comes down to some very specific turning-point issues. And that's what we should be doing. I think that you don't need a Presidential license to practice thinking.

I think, as I've tried to indicate today—I've sort of anticipated the situation in the seven points that I made—is that there are certain questions where their beliefs about economy, which are the deadliest enemies of the U.S. and world economy today, is what some people believe about economy. And therefore, if we can get that crap out of the system: Forget statistics. Just forget it! I mean, everything that's going to be said about statistics was said a long time ago. We don't need any improved statistics. It gets worse all the time! I think we went too far. We should call it back, you know, get rid of some of this stuff.

Real ideas are not statistical in nature. Real ideas are breakthroughs.

### **Owned by the Foundations**

For example, let me explain what I mean by this, because this is what's crucial: They have shibboleths, and it's an academic problem. I go through this list of people, list of "experts," of the experts like the nut cases we're talking about today. There's nothing you can do with these guys. They predominate, because they get credit. Where do they get credit from? They get credit from London and they get credit from Wall Street.

Why are they professors? Because they can think? No! Because they know how to do what they're told by the people who give them the money. Who are the people who give them the money? Wall Street and similar kinds of things. It's a foundation—American Enterprise Institute and similar kinds of institutions, which control. You know, Rothschild, in the first decade of the last century, started this process of organizing these funds, special funds, a fund for this and fund for that. And these funds, which are actually the extension of the British Empire, which the Rothschild family of London, of Britain, initiated.

So the world economy is largely run by a collection of these kinds of funds and their extension, and these funds are actually like pimps! They have professors as whores and they run trains of them all over the world! And what they're doing is, they're working for their living, you know? A girl needs to be paid!

So, we have to recognize, and everybody who's serious in academia knows it, that you're besieged by all kinds of fakers. You know, David Rockefeller, when he was still able to think—not too well, but he could—would travel all around in his airplane. He would pick up ambitious broken-down Professor So-and-So here, didn't have enough money, and he'd say, "Oh, I can get you \$10,000 for a book. You get your next book out there, maybe we'll do something with you." They bought up these also-ran professors in dozens. They parked them in key positions in universities, like the whole environmentalist crowd—all the so-called environmental scientists are fakers! When a guy says, "I'm a physical scientist," and he tells you that there's a "free energy" policy, that energy from solar power has the same value as a calorie of nuclear power—he's called a scientist? You know you're dealing with a prostitute—who promises to love you.

So, the problem is, we've got to admit among ourselves that the so-called university system and the foundation grant organizations are a racket, set up by the British Empire, and together with Wall Street, is the ideological empire which penetrates and subverts the United States, contrary to its Constitution.

As we've seen massively: They bought up the Congress! Our Congress is *bought* by these channels. The Congress is *not* independent. Their opinion is not independent. Barney Frank: He can't even gibber intelligibly. But he knows how to steal.

So the point is, we've got those of us who think and really care about the country and about the world, to go about our business, as I do: You do it because it's the right thing to do, and you enjoy doing it. Try to make something good out of this thing. We should not be deterred by the fact that we've got a bunch of fools, and worse, out there, who are occupying the key position where the decisions are made.

It's like the whole environmentalist movement. The whole environmentalist movement is one gigantic, anti-scientific fraud! There's not a single bit of truth in any of it. It's a faker. A guy says "I'm an ecologist, a scientific ecologist." All right, you're that? Well, I guess that's better than being a toadstool, I guess, huh? Because they're not worth anything. They're liars! Any guy who says, "I'm a scientist," and who says this free-energy policy is good, you know he's a faker. He's a fraudster. He belongs in prison. He's committed fraud. Shouldn't he go to prison? He's committing a fraud which is causing people to suffer. Shouldn't he go to

prison? Well, put him in prison! They want to be institutional? Fine.

The problem we face—we who are serious—whether we agree or not is not the point: The question is whether we're having an honest discussion and a competent discussion of the issues. Those of us who are concerned should just do our work, whether we are blessed or not. And I will bless you, if you do it.

### Trilateral Fraudsters

**Freeman:** This question comes from the office of a Democratic Senator who chairs a subcommittee that is currently conducting hearings on various aspects of the banking collapse. And it is my understanding that when the Senate comes back, that they are going to be bringing Bill Black up to the Hill to testify, and it's relevant to the question.

He asks, "Mr. LaRouche, during the savings & loan scandal in the 1980s, Bill Black, who teaches economics and law at the University of Missouri, Kansas City, was the Federal regulator who accused House Speaker Jim Wright and five U.S. Senators, who by the way included John Glenn and John McCain, of doing favors for the S&Ls, in exchange for campaign contributions and other things. They got off with a wrist slap, but Mr. Black and others successfully led a series of investigations of the savings & loans that resulted in convictions and re-regulation of the entire industry.

"On last Friday night's edition of the Bill Moyers Journal, Mr. Black said that the current economic and financial meltdown is driven by fraud. And he said that the banks got away with it, because of government deregulation. To quote him, he said, 'Now we know what happens when you destroy regulation. You get the biggest financial calamity that anybody under the age of 80 has ever seen.'

"He also pointed out the contradictions in what we are hearing from the Administration. He said that Tim Geithner is publicly saying—and we have all heard him say it—that it will probably take about \$2 trillion to deal with the problem of the U.S. banks. But at the same



*President Franklin D. Roosevelt signs the Banking Act of 1933 (the Glass-Steagall Act), June 16, 1933. To his immediate right and left are co-sponsors Sen. Carter Glass (D-Va.) and Rep. Henry Steagall (D-Ala.). The bill created the FDIC and a "firewall" between investment banking and commercial banking. Larry Summers engineered its repeal in 1999.*

time, the Treasury is allowing all the banks to report that they are not only solvent, but also fully capitalized. The fact is that both statements can't be true.

"The question, though, is: Why are they covering this up? Some would argue that it's because they're scared to death of a collapse, and that we just can't let the big banks fail. Others, like Mr. Black, seem to think that they're covering this up because they're covering up fraud.

"Now, some months ago, you called for a new Pecora Commission to conduct an investigation of how we got into this mess. You have also called for a return to a Glass-Steagall framework. My question to you is: Do you think it is possible, as many of my colleagues are arguing, that we can re-regulate without going through a Pecora Commission-type investigation? They argue that it would be much better to simply take an amnesty approach and just fix what is broken. I have trouble figuring out how we could do that. However, I do want to be able to move, and move quickly.

"My other question is, do you agree with Bill Black's

assessment, that the current economic and financial meltdown is driven by fraud?”

**LaRouche:** Well, I think it's not the meltdown that's driven by fraud. What has happened is that the fraud has been going on for a long time. The fraud reached an intensive level with David Rockefeller and the Trilateral Commission. The fraud against the savings & loans.

Look at the housing industry in the United States, under the Roosevelt era-approach, which was the savings & loan associations, the 4.5% business. And what happened as a result of that? What was the biggest fraud committed in the area of housing? It was the breakup of the savings & loan associations, which was an integral part of David Rockefeller and his Trilateral Commission taking over the running of the U.S. government, not only under a poor President [Carter] who didn't know what was going on, but also throughout the entire period into 1989, especially up to '87-89.

The whole thing was a fraud. The Trilateral Commission ran the Reagan Administration! The Trilateral Commission destroyed the agriculture. The Trilateral Commission destroyed the housing system. The Trilateral Commission did these other things, all for the sake of the greater glory of the British Empire. I know David Rockefeller's operation. He's a fraudster of the worst type. Put him in prison! He belongs there. Maybe don't put him in there because he's no good any more; he can't do anything right.

The problem here: The enemy of humanity is the international financial scum. These people should be eliminated from all positions of power.

## Back to Glass-Steagall

Look, what did I propose back on the 25th of July 2007? *Put the thing in bankruptcy reorganization!* You don't make deals! You put the thing into bankruptcy reorganization; the committees go in and determine, as Roosevelt did in bank reorganization: You want to keep the savings and loan type of thing, the Glass-Steagall provisions, you want to keep them in place.

It's very simple, really: You go into a bank and you say, well, I've got a bank in this community. This community depends upon this bank. Okay, we're going to keep the bank open. Well, what are we going to do? We're going to put it into bankruptcy. We will take all the garbage, and we'll put that in a different compartment. We'll take everything which is pro forma viable, because we want to do two things: We want to sustain the community. Private banking in this country is based

on this kind of concept. You want to save the community. The bank is essential to saving the community. Without local finance, the community may shut down. The payrolls can't be managed; little things that have to be financed can not be done. You want to keep it.

So that bank's going to stay there, but under what condition? Well, you find the thing is more or less intact. In the simplest case, you find out, well, the derivatives and that similar kind of crap—all the stuff that does not conform to the Glass-Steagall standard—just shut it down. But keep the bank open. Take all the non-Glass-Steagall stuff and put it right in the garbage pail, and you seal it. Don't try to settle anything. Just put it in the garbage pail. And lock it in there, and say, “We're going to see what the value of this is later.” You know, let it ferment for a while and see what you can sell it for.

But then you're going to take everything that conforms to Glass-Steagall, and you're going to keep that alive. You're going to keep the housing program alive. You're going to keep local business affairs alive. You're going to walk in there one day, and when you walk out—as Roosevelt's bank reorganization did—you're going to walk out, just like Roosevelt did it. That bank is going to stay in that community—if it's needed, it's going to stay there. And it's going to function like a bank. What the condition will be, under which the ownership or responsible people the bank will function, that has to be settled.

But before you do anything else, you assess what that bank is. And unless it's completely worthless, you don't just shut it down, you put it into reprocessing, and you take all the garbage that does not conform to Glass-Steagall, and you put that out, and you say, this is a postponed question. This bank is now going to function on the basis of Glass-Steagall standards. And the Federal government is going to ensure that that bank performs that function *for that community*.

And there goes your problem. You really don't have a problem, do you, at that point? And that's all you have to do.

Don't go through all these monkeyshines.

Look, if you look at the paperwork, you look at what happened: Michael Milken back in the 1980s, how he went to prison. What have you got in Wall Street? You've got a thousand Michael Milkens! They're all Michael Milkens! They *all* belong in jail! Who did it? Alan Greenspan. “My God! Do you have to put him in jail, too? You're going to give jail a bad name, if you put him in there.”



Milken: <http://akaka.senate.gov> / Rockefeller: EIRNS/Stuart Lewis

Left to right: Alan Greenspan, Michael Milken, and David Rockefeller. “No compromises with thieves!” LaRouche said. They all belong in jail!

So, that’s the point. *We don’t need this rigmarole. We don’t make compromises with thieves. This was considered to be theft and fraud beforehand.* In the Roosevelt Administration, it was fraud: *Larry Summers* was key inside the Clinton Administration in pushing this fraud through, behind the back of Bill Clinton. The intention was fraudulent! Don’t worry about whether he goes to jail or not. The intention was fraudulent. The whole deal was fraudulent. *Shut it down!* And get back to what worked.

But our concern has to be concern with our nation, concern with our communities of our nation. We must keep them functioning. The Federal government will strain itself to provide the credit necessary to maintain the function of this nation and its people. The Federal government will pay not *one penny of tribute to swindlers*, and they’re just going to have to walk without! Look buddy, you’re walking free, aren’t you? Don’t complain. You want to complain? We’ll take you to court, and you’ll be the defendant.

### Hamiltonian National Banking

**Freeman:** This question comes from the Stanford Group, and they say: “Mr. LaRouche, there is a deep divide that seems to have developed over how, in fact, we should deal with the question of re-regulation. Nouriel Roubini recently pointed out that while he agrees that Wall Streeters are greedy and often stupid, arrogant, and incompetent on top of it, that the fact is, that

we’ve had the worst financial crisis since the Great Depression. And therefore, the question that has to be asked is, are these Wall Streeters more greedy, more immoral, more arrogant, and more incompetent than they were 20 or 30 years ago?

“The fact is that I think the American people expect Wall Street to be greedy, but they also expect good policy-making to control that behavior.

“It’s been pointed out, by Roubini and others, that the job of the Federal Reserve is essentially to close the bar when the party really gets

going, but the fact is that the Fed not only didn’t close the bar, but they brought in a case of vodka. And Alan Greenspan seems to have been the biggest proponent of the kinds of financial innovation that have gotten us into the mess we’re in. Zero down-payment mortgages, no verification of income, interest-only mortgages, and negative amortization, all of this stuff. The fact is, that the Fed did have the power to control it, but they chose not to, because the prevailing ideology that seems to underlie the current crisis, is that of Wild West unregulated capitalists, and the idea that financial institutions will self-regulate. But it’s clear that self-regulation means no regulation.

“Our question is, when we talk about re-regulating and when we talk about regulation, is it your view that this is the responsibility of the Fed, or that it has to be imposed by some other regulatory body, whether that be the FDIC, a completely new institution, whatever? Because, certainly, while the Glass-Steagall framework seems to function, and seems to be something that should be applied, we are also familiar with some of the recommendations that have come out of former Federal Reserve chairman Paul Volcker, who seems to think that Glass-Steagall—while it’s the right approach—would definitely require some serious updating to deal with the current geometry that we are functioning in.”

**LaRouche:** Well, the answer is the following: The United States Constitution was made possible and necessary by the fact that the state banks, which had been



UNCLE SAM SICK WITH LA GRIPPE.

This cartoon ridiculing President Andrew Jackson was published during the Panic of 1937. Jackson had destroyed the Second Bank of the United States four years before. Now, the cotton market had collapsed, bringing down with it banks in New Orleans, New York, and Philadelphia. Shown are Jackson's brother Jonathan and American System banker Nicholas Biddle (second from left). Biddle, the former head of the Bank of the United States and an opponent of Jackson, is now being urgently requested to bail out the banking system.

state-chartered originally, of the separate colonies, were now all virtually bankrupt because of the funding of the War of Independence. And at this point, Alexander Hamilton, who was to become the first Secretary of the Treasury, came up with the proposal which resulted in the adoption of our Federal Constitution. So you can say, in that sense, the Federal Constitution is actually essentially Hamiltonian.

Now, what he proposed was the concept of national banking. That is, that you have an intermediary agency, because of the nature of finance, between the Federal government and its Treasury, and private banking and semi-private banking. You have an intermediary institution, which is a regulatory agency which facilitates the integration of the function of government, on the one side, as separate from this, and on the other side, the private banking aspect. And this is the American System.

Now, you have to recognize a couple of things that are involved here in the line of the proposition, the question posed, which affect this. First of all, you have to know that Andy Jackson was no damned good. And once you accept that, you're on the way to seeing things.

What did Andy Jackson do? Andy Jackson, first, was an agent of Aaron Burr. Aaron Burr was a traitor

and a British agent. And Andy Jackson worked for him. And what did Andy Jackson do as President? Andy Jackson was the vehicle for Wall Street and London interests in shutting down the Bank of the United States, the American banking system. And they brought in the land banks, state lending banks, which, in 1837, resulted in what was called the Great Panic.

So actually, the United States was a victim, the target of a British operation, the same operation behind the slavery in the United States, which Van Buren, the later President, was part of, the land banks: *And it broke the power of the United States to finance its own society.* It was done on behalf of the guy who owned Andy Jackson at the time, Martin Van Buren, who set up the land bank system, and shut down the National Bank in the United States, the Second National Bank. So, I don't think Andy Jackson is a good image for the Democratic Party. Also, because the Cherokee may have something to say about it, too. He was part of the process of getting them killed, and selling them into slavery.

So the point is, we need to get back to national banking. What does that mean? At this point, the Federal Reserve System is implicitly bankrupt, in the respect that, if it's functioning as a chartered organization under Federal law, that means it automatically goes into receivership to the Federal government. What do you do?



Now, you have assets in there which are U.S. government assets. The U.S. government implicitly owns the Federal Reserve System. It is not an independent agency. It's bankrupt. You take and you sort out all the obligations. So, the Federal government simply has to have one act: the Third National Bank of the United States.

You put the Federal Reserve System not only into receivership, but into a form of receivership where the assets of the U.S. government, which owns the Federal Reserve System, are now put into the custody of a National Bank, using the precedent which inspired the adoption of the U.S. Federal Constitution, to deal with the problem of the local state-chartered banks, in the aftermath of the Revolutionary War.

Now, you go to a national banking system, under which the Federal government uses a National Bank as the interceding party between the Federal government's functions and the general banking function with foreign banks, and so forth, and so on, as Hamilton laid it out.

The thing's bankrupt. Put it into bankruptcy! Bankruptcy is not a bad idea, you know. Bankruptcy was set up to prevent slavery, debt slavery, and swindles. You put it into reorganization in bankruptcy, and since the Federal government is the chief creditor of the Federal Reserve System, we do two things: First of all, we end the Federal Reserve System's function of uttering notes, in the name of the United States government. You go back to the utterance of currency by the Treasury, and credit by the Federal government, under an act of Congress.

To create credit under our Constitution, you must get a bill through the House of Representatives, and with the approval of the Senate, and on the initiative and approval of the President to sign that bill. That's how you're supposed to print money, or utter money in the name of the United States. Not through some intermediary which takes over that job, and adapts us to the international British system. You put the Federal Reserve System into receivership, and use it as a part, as a subsidiary feature, its assets as a subsidiary feature, of national banking.

Now, we can, instead of bailing out this thing and bailing out that thing, what we simply do is, we use the power to create credit by the Federal government, and use that credit to assist bankrupt institutions being put through bankruptcy reorganization. We don't bail out! We salvage. No more bailout! No more Federal Reserve helicopter money. *No more bailout!* We reserve the

credit of the United States, not to waste it as we're doing now on a great scale, but you now use the credit of the United States as a weapon of organizing investment, to rebuild the economy.

## Social Security and the Auto Industry

Let's take the case of General Motors and so forth. Look what happened. In 2005, I was on two projects which started Nov. 11, 2004. It was an adjunct of what I'd been doing in support of the Kerry Presidential campaign. So, the Democratic Party was folding up, on Nov. 2, they were folding up. We had a meeting in Washington, on Nov. 9, and I proposed that we save the Social Security system. And this was picked up by some Democrats, and when the meeting was being held, constituting the new Congress, this was put through. So, we launched a fight, to save the Social Security system, when George W. Bush was about to destroy it, running around and doing crazy things, as he always did.

So, the second thing, was a proposal to reorganize what had become the auto industry. The same thing: Take the auto industry, and strip it down to size. Strip it down, first of all, to where the automobiles were actually needed, justified.

Take the capacity—we had miles and miles and acreage of plants, which had been used since World War II, for building airplanes and everything else you can think of, and that capability still existed, in terms of floor space, and in terms of the memory of the skills that went with with floor space.

All right: Separate this into two things. Reduce the auto industry into what the auto industry can do, making autos that were needed. Take the other part, especially the *machine-tool-design part*, and use that for what? Our river systems need to be repaired. We had all kinds of things! We need a national railway system again! We need these kinds of things, we need all kind of things which are typical of the U.S. government's involvement in basic economic infrastructure.

The machine-tool-design capacity of the United States is *concentrated* in the auto industry! You're going to shut it down, you idiot? No! You take it out, and you put it under government protection as a new corporation, a new government corporation. And you use it for these missions: All the things we need: We need highways, we need hospitals, we need river systems fixed; you need to take care of the Katrina operation, all these kinds of things that came up that year. We can do it with the machine-tool capacity of the auto industry!

And the machine-tool capacity of the auto industry, which represents floor space, and represents people, also represents a labor force which is associated with the auto industry as its employment! So, put them together! The same people, working in the same communities, can produce this for that area of the world, right where they are! You don't need to move them around, you don't need to change anything. They report to the same place, that they reported to before, essentially; but now it's a government corporation.

The auto industry is still there. It's operating separately. This thing is operating as a government agency *for things we need* for public infrastructure. Railway systems, magnetic levitation systems, port systems, hospitals, whatever we need! The way we did it under Roosevelt. And that's what we should do.

So therefore, what we need is, we need a National Bank as the intermediary between the private sector and this kind of thing. So the National Bank operates in that area, where you have a public-private area, and you don't want to contaminate the public area with the private sector, and you don't want to contaminate the private sector with the public sector.

But the connection is, it is the Congress which enacts a law which authorizes this production, as in war production before, which is the mechanism. So what do you do? You set this thing into motion, and now you create all kinds of entities, projects and so forth, which are independently funded. You have this public and private financing operation, which sets up these new kinds of things. It's these new industries to fill the vacuum.

So the Federal government comes in with its money, sets something up under government protection. It's useful. These things lead then to *private entities* which are spun off, because they're now new industries. And so, what you're really doing is, you're spawning new industries that we need for the future, as an action of government. And when the government creates it, it may maintain a fatherly interest in the success of the thing, but you try to make it a private enterprise in most of these cases. It's the right thing to do.

We don't need to do this hokey-pokey that we're doing now.

And the thing is, the Federal Reserve System is a corrupt institution, totally corrupted. Take it into receivership, make it clean, make it honest. Make an honest woman of it. Marry it, or something or other. And that's the solution. The thing is, somebody comes

up to us and says, how can I do this? And sometimes that's the wrong thing to do. Step back a step. What is the need? What is the real purpose that should be adopted for this purpose? Then define what *should* happen, which may not be what somebody asks you to do. But it's the right thing to do.

Does it do the job? Does it conform to the interests of the United States? If it does, do it. And I don't think we'll have any problem whatsoever in doing that job. You'll have a lot of problems in implementing it, but in principle there's no problem in doing the job.

Look at our labor force: What section of the labor force is actually productive, the so-called employed? Very little. We need to transform the labor force's composition, so we have people producing useful things. Physical things, scientific progress, all that sort of thing. We need to promote Federal activity in this area. We also need to create spinoffs of new private industries which will fill the gap, and you have to get them started. So, the government should be starting these things, or helping them get started. And that's what we do. Keep it simple.

## **We're Talking About Fascism**

**Freeman:** This is another question on regulation, and this one also comes from the chief of staff of a United States Senator.

He says, "Mr. LaRouche, the regulatory framework that Treasury Secretary Geithner presented to Congress was certainly impressive in its scope. However, it doesn't address several critical points, and we believe that those omissions indicate something of a serious philosophical flaw. What Secretary Geithner did not ask for is any structural change to the firms that would be subjected to all of the new regulations that he proposed, and this is markedly different from what has been proposed by Paul Volcker.

"It seems that the Treasury Secretary believes that these new rules that he's putting forward under the control of some kind of risk regulator, can keep Wall Street from raging out of control once again. But the fact is that Geithner's proposals do not even contain a serious reining-in of the over-the-counter trading that occurs off of exchanges globally. Instead, he has some proposal for over-the-counter trading for derivatives contracts going through a central clearinghouse, but even that clearinghouse will be industry-run. The problem here is that, really, Geithner doesn't want to address

what we see as the central problem.

“This office was one of the few that opposed the repeal of Glass-Steagall. The fact is, that in light of Glass-Steagall’s repeal, the financial sector is much larger and far more complex than anything we have ever dealt with before. Clearly, Geithner, and Bernanke along with him, have a very strict ‘don’t change the structure’ approach. Our problem is that we see this as a philosophical flaw. Can you address the immediate crisis, without broad and deep restructuring of the entire sector?”

**LaRouche:** The short caption answer is, “You can’t.” The system is crooked inherently, and the crook has to be treated accordingly. There’s no such solution.

Where I agree with Paul Volcker, despite our differences on other questions, is that he believes in a clean banking system, one that is actually a banking system, and he’s very upset by this sort of thing, I think. He’d probably like to use some blunt language, and I’d prefer to use a blunt instrument. But what we need to do essentially is, we have to put this whole thing into bankruptcy.

Let’s look back at what’s going on here. Look: We’re talking about *fascism*. We’re talking about international fascism, is what we’re really talking about. The British created fascism. The British created Hitler. Hitler was a project of the British interests, of the Bank of England. What Roosevelt cleaned out in the 1930s, temporarily, was to clean out a bunch of fascists. These think-tanks, you know, these interest groups and that sort of thing—the American Enterprise Institute, etc.—are all products of fascist organizations, of a network of fascist organizations which were planted in Wall Street and so forth, from London. And what Roosevelt was taking on, was the fascist influence of London.

Hitler was created by London. Hitler was created by the Bank of England! George Bush’s grandfather, the former President’s late grandfather, was an agent of the Bank of England, who signed the credit slip, which got Hitler financed to become dictator. The whole crowd that Roosevelt fought against were a bunch of *Nazis*, who had voted and supported the British in putting Mussolini into power in Italy, and putting Hitler into power in Germany, and backed the Synarchists in France, which is another version of fascism.

So, these bankers, the New York bankers, the guys that Roosevelt went against, and the guys who came back to power the day after Roosevelt died, in the

United States—this is what you’re talking about—the Trust, this is what you call this kind of interest. *They’re all fascists!*

Now, what we’re dealing here with, we’re dealing with a political-economic system, which is imperial and international, and the center of its headquarters is London, the British monarchy. That’s the center of it, the political center of its organization. And these guys are all a bunch of fascists: Amity Shlaes, fascist; American Enterprise Institute, fascist. We have the tape on these guys. We know their pedigrees; we know what pig farm they came from.

And therefore, you have to understand, this situation is economic, but it’s also political. It’s political economy in the true sense. Our problem is, the interests which are resisting a rational reorganization of an inherently bankrupt system, are all fascist organizations—extensions of the British Empire. And that’s your problem.

Now therefore, if you’re going to defend the United States, what are you going to do? This force has declared war on the United States. Remember what could have happened in 2007, say in September. My proposals were clear. We would have gone through a reorganization without any of this bailout, and we’d be clean today. Not clean of all debt, but clean in the sense of politically clean.

What happened is, the fascists moved in, and took control of the situation, and gave us Barney Frank. And gave us that kind of operation. So, the problem now is political. Are we going to accept fascist dictatorship, and what these scum represent? Which is now controlling the President here. These guys have taken over, as *Time* exposed them. *Time* is not exactly an anti-fascist organization, *Time* magazine. But *Time* magazine recognizes today that this fascist-bastard bunch is their enemy, too. It’s going to destroy everything. So, they’re telling tales out of school, so to speak. And we’re dealing with a fascist thing—when I say fascist, I do mean Adolf Hitler, I do mean Benito Mussolini. I do mean these think-tanks that Roosevelt sort of kicked back a bit, back in the 1930s. They’re back again, and this is the problem.

Our job is to destroy them! For the sake of the United States and other nations, while at the same time giving fair treatment to every honest citizen, and every honest institution, if they suffer. If these swine suffer, “Sorry, buddy, you’re lucky enough to be in the dungeon, where

you deserve to be for your behavior.” These guys have no rights; they’ve forfeited them; they’re bankrupt. They can not claim a right which a bankrupt couldn’t claim, and they’re not honest bankrupts.

So therefore, the point is, we have to recognize that this is a *political issue*. Are we willing to defend the United States and the human race against a takeover by fascism? A fascism as bad or worse than Hitler. A fascism created by the same British monarchy which gave us Hitler. That’s the way you’ve got to think about it. Once you say that, then that clarifies your mind wonderfully, where you can now look at the issues objectively, not assume that these guys are some honest poor guys who have to be understood.

### Did You Ever Hear of a Con Man?

**Freeman:** Lyn, this is another question from the Stanford group: “Mr. LaRouche, we were somewhat startled by the change of tone coming out of Washington last week, when suddenly everybody seemed to think that we were at the beginning of the end of what they call a recession.

“On top of that, President Obama started urging Americans to refinance their houses, so that they could take advantage of the low interest rates, and save money, and start spending again. His estimate was that the average American family would have an additional \$2,000 to spend each year, and that that was far more than any tax rebate that they might get.

“At the same time, Larry Summers started saying that we had turned the corner, and that the country was likely to see positive economic signs in the next few months. As Larry spoke, Wells Fargo announced—or rather predicted—a \$3 billion profit for the quarter, saying that it was the surge in new mortgages that had put them in this position.

“Now, the fact is, that none of this should be particularly surprising. Of course, mortgage rates are declining, and new mortgages are increasing. The fact is, that the Federal Reserve is flooding the market with money, and when you have this amount of money just sloshing around, the price of money is bound to go down, and cheap money tends to induce some borrowing; but the question—and it seems like an obvious one to us—is whether this is any indication of an economic turnaround.

“The answer, it would seem to any sane person, is that it does not. My friend Robert Reich, said that it was cheap money that got us into this mess; that it was, in



World Economic Forum/swiss-image.ch/E.T. Studhalter

*Is economic advisor Larry Summers telling the President what Obama wants to hear? LaRouche described him as a Mephistopheles, with Tim Geithner as Faust—but said the larger problem is that we and other nations currently have no effective government!*

fact, under Greenspan’s reign, that interest rates were lowered to 1%, and that adjusted for inflation at the time, that made money essentially free, at least free to large lenders. Now, the large lenders did exactly what they would be expected to do with free money, which is, to get their hands on as much of it as they could, and then lend it out to anybody who could stand up straight, and, obviously, a lot of people who couldn’t.

“But, there were no regulators looking over their shoulders, and therefore, what they did was legal, even if we might argue that they got away with murder. While it’s true that a lot of the big banks are going to claim to be profitable, the fact is, that neither they nor anybody else knows what their assets are actually worth. And the fact is, that even they admit that they’re sitting on probably well over \$1 trillion in taxpayer equity and loans. None of us can figure out how they are determining or calculating their profits, and frankly, if you can, we would be interested in knowing what that is.

“But, the bottom line is that there is still absolutely a wide gap and insurmountable chasm between the economy’s productive capability, its productive capacity, and what we are now producing. It is our view that there is absolutely nothing that can turn the economy around, until that gap begins to close, and bank profit-

ability has nothing to do with it. We'd appreciate your assessment of whether you agree with that, and also where you think this newfound optimism on the part of the Administration is coming from, because certainly we don't see any cause for it."

**LaRouche:** Well, you ever hear of a con man? There's no truth to any of it! Look, you see what happens is, you get fooled. You say, "Okay, let's take all these guys out there, and they all claim to be in a profitable situation, or prosperous, prospective prosperity, or whatever. Now, if you look at the total U.S. economy, the people, the production, the levels of production, and look at the fact that the employment is collapsing by hundreds of thousands in very short periods of time, you know the production is not occurring. You know the income is not being earned. It's not happening."

What they do is say, "Well, you don't know what this firm is doing. You don't know what this firm is doing." You know, it might be anything. "We think it's prosperity, we just don't have the figures." It's like a bunch of people who invest in a pig; it's the only pig in that town. But they invest in a part of the pig, and each claims that their part of the pig is profitable. "Don't talk about the pig as a whole. I'm only talking about my part of the pig. My part of the pig is profitable, I don't know about the other parts of the pig, but I hear they're profitable, too."

So, where's the pork?

### The President's Nero Problem

And the point is, it's obvious: The United States and the world, the world economy today, is *bankrupt*, and not only bankrupt, it is disintegrating. The world system is in a breakdown crisis; the world as a whole, and the world *is* a whole.

That's the reality! Don't believe the lies. You know they're lying, so why do we believe this stuff? Why? Because you're afraid of the fascists; you're not willing



EIRNS/James Rea

*Then-Sen. Barack Obama at the Victory Column in Berlin on July 24, 2008, during his euphoric pre-election tour of Europe, where he was adulated like a rock star. "He's a danger to all humanity if you don't keep him under control," LaRouche warned.*

to fight them. It's a problem in the institutions of government. They are afraid to fight these guys. That's the reason why I insist that the people in the lower 70% to 80% of family-income brackets, is the only location of serious guts in this part of the country right now, plus a few of us individuals. That's it!

The Congress has lost its guts! I mean look, frankly: Take "Tight Lips," the Speaker of the House: She has been in there since the beginning of 2007, and she's not worth anything! She's no good for anything! A completely useless blockhead, who gets in the way—you know, she can't move her mouth, so therefore, she can't consent to anything. She's a fake; she's a fraud! We all know she's a fraud, anybody in the Senate, anybody in the Congress, knows this woman is a fraud. And yet, there she sits! Lips sealed by medical science.

I mean, what are we? Are we fools? We don't know? We ask ourselves questions in order to shut ourselves up?

*The point is, this is a question of guts.* The question of guts, which I raised today, you know? The President of the United States is acting like something worse than a fool. He should not be let out without a leash. He shouldn't be going running around the world, because

he's going to make a mess of things. You've got to get him under control. We don't want to throw him out, because we don't want to create a new element of instability in the system.

We want to put him under parental administration; not by his wife. We want him put in a situation where he's able to perform the functions of a President, even though he doesn't have the mind of a President, and this requires some adult supervision. Confine him to areas where he can't do damage with his ignorance, and put him in custody, as President. He's a President under custody. Let him do things. He's not unintelligent, he's just mentally disordered. He's got a serious mental problem.

Look, I said before, and I can say it again: He has a Nero problem. He's a contemporary Nero. Famous kind of problem. And if you leave him in there, you're going to find out the kind of effect he's going to play; he's going to play the role of a Nero. He may not have the specific problems that Nero had, some of them, but he has this idea—look: “The One”? The One? The miracle man? Who doesn't know how to find the key to the front door? Or the back door? He's not competent! We stuck him in there. The system stuck him in there; he's President. He's lawfully President. But you don't let him play with firecrackers!

*Take that crowd which affects him and controls him, and take them, and get them out of government!* And put him under the condition where he has to talk and make policy with people who are not corrupt, and who are competent! We *have* people in government, in key positions in government, who are perfectly capable of making competent policy for the United States. They may make mistakes, in the process, but they're competent. Put him in a position where he has no handles on which to operate with the Federal government *except in concert with those competent people*. Don't let him run loose! We've got to keep him there because we elected him. He's not unintelligent; he may be educable, but you have to control it.

You see, his instincts are *wrong*! And his self-adulation, his manic, euphoric self-adulation, is the mentality of the worst kind of dictator. Don't let him get in a position where he has that kind of power. Keep him under constraint, the legal constraint within the American Presidential system, as it works. Keep him in that constraint. If you don't, you're creating a monster. You don't want a Frankenstein monster. You don't want a

Narcissus in the Presidency, and he's a case of Narcissus, just like Nero. And the program is basically like that of Nero.

*He's a danger to all humanity if you don't keep him under control.* He's a danger to himself, as well as everybody else. So, you ain't persecuting him, when you're protecting him from himself.

## How To Define a ‘Depression’

**Freeman:** The next question comes from a national official of the AFL-CIO. He says: “Mr. LaRouche, last week I was asked to talk with a Presidential advisory group that is discussing issues around economic recovery, and I presented a picture which was dire at best. I was a little bit surprised when, just a couple of days later, at an economics club luncheon in Washington, Larry Summers said that while there were what he called ‘still substantial downdrafts’ in the economy, which I suppose, is how he refers to half a million Americans losing their jobs every month. He also said, and this is a quote, ‘But you also have to see that there has been a substantial anecdotal flow in the last six to eight weeks, of things that felt a little bit better.’

“Well, I don't know what he's feeling, but from where I sit, I firmly would assert that you can not talk about any measure of economic recovery, unless you address the fact that Americans are still losing jobs by the millions.

“I recently had lunch with my friend Robert Reich, and we talked about some of these issues. I also spoke to him on the phone after I heard what Summers had to say. And Reich responded by saying, that for the first time in a long time, he found himself agreeing with at least half of what Larry Summers said. He said that he agreed with Larry that we have passed recession. He said that where he disagreed, was that he believed that we had passed recession and gone into depression.

“Reich has repeatedly pointed out that, aside from the fact that we've lost millions of jobs, that every lost job has a multiplier effect throughout the economy. And that, essentially, it is unemployment, and not the prospect of bank failures per se, that creates the broader anxiety that keeps Americans from spending money, which, in turn, leads to more job losses, etc., etc. Reich, Galbraith, Krugman, and many other leading economists agree with us that the government should stop fooling around with Wall Street, and instead, put its resources into creating jobs.

“Galbraith spoke before Congress recently, and one of the things that he said was that the most important current economic fact remains the loss of 600,000 jobs every month, and that there can be no talk of recovery without job growth. I’d be interested in hearing: 1) If you agree; 2) How you think that jobs should be created. And finally, and this may seem like a very simple question, but I really do think that it’s time that the question is posed, and that is: How do you define a ‘depression’?”

**LaRouche:** A depression is what has happened a long time since, and going down still. We’re in a depression. The problem is, that people play with money. They talk about money. Now, money today is pretty much fake; it’s fraudulent. There’s no control over the way it’s uttered. And there are all kinds of things that are used to generate money. What you’re looking at, essentially, is something which is very much like what happened in Germany in 1923. You’re looking at a period which went into a take-off period, in which they began printing money to compensate for a collapse in production. They kept doing it.

Well, in Germany’s case, they had no choice, because they were under Versailles conditions, and they were forced to do that. They were not allowed to do anything else, it was under the threat of occupation of Germany, and the looting of it. So, it was at the point of a gun. But this is not at the point of a gun, as such. This is the system, doing to itself, what Germany did in the 1920s, under the Versailles conditionalities.

So, now you’re looking at what is the physical output per capita, the net physical output per capita of the nation. What is the net physical output per capita of the collection of nations? What is it? *It is collapsing!*

What about the auto industry? What part of the economy of the United States, Germany, Italy, France, and so forth is represented and tied up in the automobile industry? It’s collapsing. What is happening with agriculture? What is happening with basic economic infrastructure?

In other words, put money aside. What is the reality, the physical reality of economy? Don’t say what people are buying, ask what are they eating? What are they wearing? Where are they living? How long are they going to be able to continue to live there under present conditions? What’s happening to medical care? What about medical care in the United States? Doesn’t anybody know we’re on the verge of a total collapse of

medical care, and the pension system, and everything else?

What does it take for people to realize that that’s reality? That what they’re talking about—“Oh, are we really bankrupt?”—and talking about spending money, it’s *irrelevant!* It doesn’t mean anything!

See, the problem is, the cowardice, even in these questions. You ask a question which is not relevant, in order to create a doubt about something which you already know with certainty is true.

Are people producing less? Are people eating more poorly? Is medical care, necessary medical care, a vanishing quality of life? What’s your drinking water like? What’s your educational system like? What are all the things that go into making an economy, a physical economy, in which people live, not the fantasy in which they dream about money, or sign pieces of paper and call it wealth?

The United States is being destroyed; China is being destroyed; Russia is being destroyed. India is being weakened. Continental Europe is being destroyed, from Poland westward. *What does it take* for people to recognize that we’re not in a recession, we’re not even in a depression? We’re in a breakdown crisis! This is a *crash with no bottom!*

What do you do with such a system? Well, we decide we’re going to go back into the production business. Don’t worry about what’s happening to the money. Stop the bailout psychosis! You can’t prime the pump if there’s no water in it. You’re insane!

But the problem you’re getting from the Congress is, they ask these questions, which are sincere questions in a certain manner, but there’s a gimmick. The gimmick is what? “We’re not ready to get lynched by bankers.”

### **Let’s Burn Down Wall Street!**

Look what’s happening all over the world. I have a very simple solution, as I’ve said many times. If I get together with Russia, China, and India, and a few other countries that would join us, this world’s going to change! You need enough power together to change the world. In western and central Europe, there’s no capability of doing anything right now. They haven’t got the guts to do it, and they don’t have the system to do it. They don’t have the guts to establish the system to do it.

In the United States, everybody’s afraid of the bank-

ers. Everybody's worried about Wall Street. Let's burn down Wall Street! Let's get it over with. Stop talking about Wall Street; it's no good, it's dead. Burn it down, and we can get a cow pasture down there, or something like that. Call it the Center for the Promotion of the Milk of Human Kindness.

No, the whole thing, people are kidding themselves, even in asking these questions. We know the system is bankrupt. We know it's worse than the Depression of the 1930s, already, because this is a breakdown crisis, and under this system there never will be a recovery. If somebody tells them they saw the recovery, you say, "Who is their psychiatrist?"

There will never be a recovery of this system. What we can do is use our knowledge and experience of the past. We can create a sound system. The power of government can create a sound system. We've had experience in creating sound systems before. We had a system. All you have to do is like: Here's Alexander Hamilton, faced with the fact that the state banks of the now newly independent United States are all bankrupt, because of the financing of the Revolutionary War.

Okay, we're now going to promise to make certain commitments which we will capitalize as monetary wealth assets. We will accept that debt; we will take that debt as our national debt. We will promise to pay that national debt, and on our willingness to pay, to meet that promise, we will create a new system which looks as if nothing bad had happened in the meantime.

What you want is, you want the factories open. I want, now, what used to be the automobile industry—which is the largest single repository of the machine-tool capability and potentiality of the United States still surviving—I want that floor space and that personnel organized. I want it capitalized. I want to create a new infrastructure industry, which is going to fix our water systems; that is, the canal systems and things like that. It's going to build a new railway system. We can build a magnetic levitation system for the United States. We know how. We have the technology available. Let's do it!

We can build nuclear power plants. And without nuclear power plants, we can't do much of anything. We can build nuclear power plants on a scale never imagined before. We can develop sufficiently high degrees of power to perform miracles in technology. We can rebuild the agricultural potential of the United States. We can rebuild cities that are hopeless; they're not productive, because they're in such condition.



EIRNS

*"Everybody's afraid of the bankers," LaRouche said. "Everybody's worried about Wall Street. Let's burn down Wall Street!" Here, speculators wait for the New York Stock Exchange to open on Oct. 20, 1987. The previous day, "Black Monday," the market had lost 22.6% of its "value"—the largest one-day drop in history.*

And we need these things, *urgently*. We need to rebuild our health-care system. It's urgent. It's not economic waste. Building a healthy population is the first key to increasing the productive powers of labor. We have all the needs; all we have to do is have a government that says, "We're going to do it."

And I'm prepared to say, that that's a good investment. We can take a debt of the United States government, and use that commitment to indebtedness to rebuild the U.S. economy along the lines, parallel to what was done under Roosevelt in the 1930s and early 1940s. We can do that; so let's do it! Stop debating these questions, which are simply questions. You're posing questions that you can't answer. And then you say, "How do



I answer this question?" It's not a problem.

What you have to do is, instead of trying to answer these questions, one by one, one at a time, what you have to do is say: "What are we going to do to cure the problem?" Start from that end. Establish a system of credit and regulation which enables us to start putting people back to work in productive functions. That will solve the problem; it's the only thing that will. So, stop trying to negotiate with these swine, these so-called financial swine. Why do it? They're only thieves. You want to do something with them? Put them in prison!

### A True Narcissus Case

**Freeman:** This next question comes from someone here in Washington, who is someone you know well—he's long been part of the overall institution of the Presidency.

He says, "... Our President chooses to present himself as the 'Great Reformer'; as the President who will say the things that no one else wants to say, and will get tough, and who will speak on behalf of the American people. But the fact of the matter is, that this Administration has yet to place the blame where it belongs, and there is absolutely no indication that they have any intention of doing so. Because if the President was inclined to do that, he would, in fact, stop coddling failed banks with billions of dollars of money that none of us have any access to...."

"He says he also would not allow these banks and brokerage houses to give their executives lavish bonuses, when millions of Americans are out of work. But really, most significantly, he would not populate his Administration with various individuals who are products of this system which he claims he wishes to reform.

"And that brings me to the question of old Larry Summers. You know, when it came out this past week, that Larry received over \$5 million last year working for a \$30 billion hedge fund, and that he did that showing up for work only one day a week; when it came out that he got another \$3 million in cash from the very beneficiaries of the bailout that he has promoted, it really brought up for me, a very clear point. And that is, that if anything like that had happened during the eight years that Bill Clinton was President, that individual would have been out on his ass.

"And this is not secret information. Nor is it secret that Larry has always been completely infatuated with derivatives and these other exotic financial instruments that have gotten us to where we are right now. Yet,

there's Larry—top economic advisor to President Obama; the guy who coordinates what information gets through, what analysis gets through, and how the President is briefed on the current collapse.

"Now, President Obama is no economist, so when he turns to his top advisor, and he says, 'Larry, how did we get into this mess?', what do you think Larry Summers is going to say? Is he going to attack the people who pay the bulk of his salary? Is he going to argue for regulation, when he is known as the principal deregulator who operated during the Clinton Presidency? When President Obama, who is no economist, turns to his chief economic advisor and says, 'Hey Larry, who the hell recommended the repeal of Glass-Steagall anyway?' Do you really think that Larry is going to confess? Somehow, I don't think he is.

"The President clearly is *not* an economist. That was obvious when he travelled to London. And there he was, standing next to Gordon Brown, and he was asked what or who was to blame for the current financial crisis. Barack Obama is an incredibly glib speaker, yet this usually eloquent public spokesman for the United States, responded with a rambling, incomprehensible answer.

"Now, I could be optimistic and say it's really not the President's fault. Larry Summers is the guy who's briefing him everyday. Therefore, it's hardly surprising that the President doesn't have the whole picture, and that the President doesn't understand what's going on. If that were the case, I'd be upset, but I wouldn't be furious.

"The bottom line, is that Larry Summers is Larry Summers. But Larry Summers is not the President; Barack Obama is. And while I do know what Larry Summers thinks, my greatest fear is not that Larry Summers is misinforming the President, but that Larry Summers is telling the President precisely what the President wishes to hear. And if that's the case, then firing Larry Summers—something that I don't disagree with—will not solve anything, because the bottom line is that Larry Summers does not seem to be the problem. President Obama, on the other hand, *does* seem to be the problem, and frankly, I do not know how to begin to address that."

**LaRouche:** Well, there are a lot of things you can say about that. You know, I said that essentially when you have the case of Larry Summers and Geithner, I described that as Mephistopheles and his Faust. It's essentially what it is. They're both fakers. You see, Larry

Summers would say this, if you saw him speaking. That's what he does, he does funny things with gestures; he goes into a whole business of gestures intended to intimidate and distract the audience, while if you look at what he's saying, he's saying nothing; the whole thing is a fraud.

But, you've got to understand the other thing: When you criticize the President, you've got to see clearly, as it became very clear to me when I saw the evidence: This guy is a Narcissus case. Specifically, he maps in history, on the profile of the Emperor Nero, who was put into power by his mother, who he later killed. Who was educated by Seneca, who he tried to kill in several successive ways, before the job was finally done. And who understood nothing.

A true Narcissus case, like Nero, is not concerned with reality. He is concerned with his illusion. He lives really in a fantasy life, and the only way you can deal with him as President—and I've indicated what the problem is about removing him as President—is, you have to put him in an environment where the environment refuses to allow those games to be played.

You stick him in a position—see, he's not unintelligent. He's got the mechanism of intelligence, but he has no moral criteria. The Narcissus case, like an Emperor Nero, *has no intrinsic moral character*. The Narcissus has a self-image; and what he tries always to do, is to avoid collision with the self-image as he's crafted it. So, he wants to see himself as always powerful, a genius, everything else. He's a guy who's a quick study; he's a facile asset, a quick study. He's a chameleon. And you imagine, what does a chameleon think about himself when he's standing on a Scotch plaid?

And that's your problem with this type of person. This guy is a very specific type of personality. All the evidence is conclusive; you don't have to get into anything more than we know now. It's there. This is a Narcissus, which maps onto the image of a Narcissus type, such as the Emperor Nero. If you keep him in, the way he's being kept in now, he's going to be that type. That's where he's going; that's what his character is showing you.

If, on the other hand, you put him in the position where he's treated as a boy, who's allowed to play certain games and not others, then he will wait until he has his opportunity to strike, as Nero would strike.

So, to deal with the problem—you're worried too much about the wrong things. I understand the anger, but you have to worry about our institutions of the Pres-

idency, which is what I worry about. As long as he's in control of his position, with that retinue on which he depends—remember, he depends on a very specific group of people, which is identified essentially by the *Time* magazine report. *That's his personality!* That's the truth!

You are who you eat. You are what you're fed to be. He's fed to be a Narcissus type, of this type. *Don't feed him*. Don't feed the disease, and he's forced then to attempt to assimilate himself into a position where he's credible. Remove the credibility of the other thing, because our problem is that we're not governed. This nation is not governed! There has been a total breakdown of the government under this jerk we had for two terms. Fortunately, we escaped the other great danger—a Gore! A Gore as President would be the worst possible affliction you can imagine. You've got a slimeball who's a Narcissus. That would be really something bad.

### **The Whole Planet Is in Agony**

So, the point is, we should not focus too much on the personality. We have to focus on the personality from a clinical standpoint. But our concern is the fact that *we don't have a government*. Look at all those Senators! People who have asked questions today. Look at others who are comparable to that. What's the characteristic of that? They're not asking the question: *How do you get a government to replace non-government?* What kind of a government do we require to deal with this situation? They're like dealing in a debaters' club kind of situation, on the terms posed, the questions posed. Not dealing with the reality. And my concern is: We don't have a world system in which humanity can live! We don't have a U.S. government on which this nation can live.

I don't give a damn about Obama, or anybody else as an individual, in that sense. I'm concerned about this nation. I'm concerned about the future generations of humanity, and the great threat is not Obama. You're not going to remove him, and find a scapegoat and solve your problem. The real problem is, this nation does not have a capability of self-government. And I'm determined to try find a way to *create* the competence of self-government.

Europe has no competent self-government. Russia has a self-government crisis; China has a self-government crisis. India doesn't have a big export business, so it doesn't have a big self-government problem. Most of



St. Louis, Mo. passed this resolution, based on LaRouche's Homeowners and Bank Protection Act of 2007, on Jan. 18, 2008. The HBPA has widespread and growing support on the state and local level, but House Speaker Nancy Pelosi has blocked it in Congress. The states are growing increasingly desperate.

the world is suffering. The whole planet is in agony; it's about to break down. We're headed for a holocaust on this whole planet as a result of this thing.

I'm not concerned about an individual as being the problem. They may be a problem, but their problem is defined in a context, and the reason we have the problem, is because we don't have a functioning government. And Europe doesn't have functioning government; and most of the world doesn't have a functioning government. And that's what we've come to.

I've come from a time, at my age, when I have

known conditions under which we had actual governments. I've known a time when the United States government meant something. It doesn't mean anything anymore, as a government. It's a reflection of incompetence. Rub two incompetents together, and call it government. I'm concerned about what *should* be there, which Obama is not. Obama is not the problem; he's a symptom of the problem. He's a symptom of the problem that we no longer have the ability to govern ourselves as a nation.

And I'm just hoping that the angry people—and they're *angry* out there—and some of these people in the Congress aren't listening. Those people out there are angry! The 80% of the population out there is angry. They have no future, and they know it, and they're angry about it. And people in positions of leadership aren't concerned about that. They're concerned about what the rich feel, or what the would-be rich feel; not about the nation, not about humanity. They don't give a *damn* about Africa! They'll talk about how they're pro-Africa. Bunk! I'm involved in Africa. They're not there.

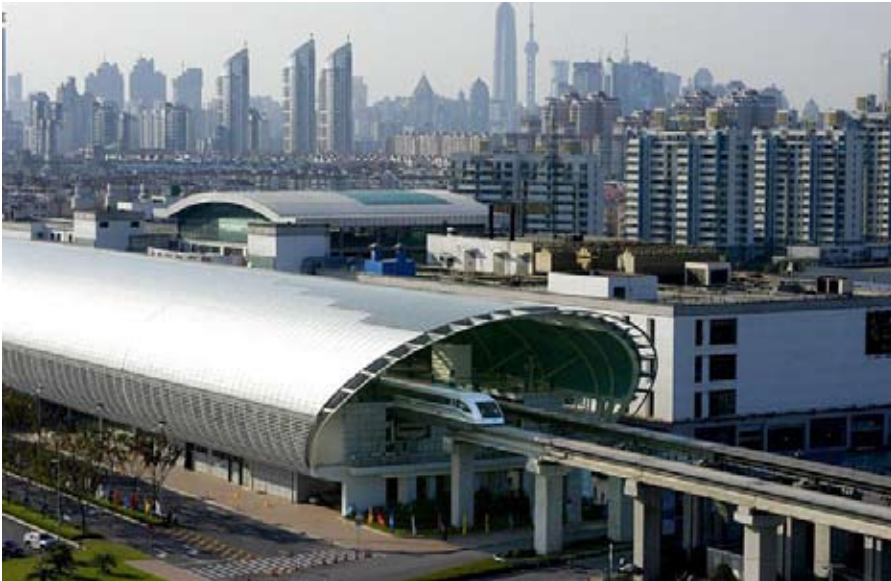
Look at our own country—they're not there. They don't care. What about the people who are losing health care in the United States? Do you know how many deaths that means? Do you know what kind of suffering that means? What's being done about that? That's your problem! Take all these problems of this type—the economic problem, the health-care problem, the education problem, the drug problem.

What does it all add up to? One thing: *We don't have a government.* We have an administration of some foreign power, probably from Mars or someplace like that.

## Stop the Bank Bailouts!

**Freeman:** We have a number of questions from state legislators, which we're not going to be able to get to. We really are very close to the end of our time. So, I'm going to ask this as the last question, and I'm going to kind of mush a few of these questions together in asking it.

It says, "Lyn, you certainly have given us a great deal to think about, and you've raised many points that I haven't considered. But, there also is one central problem that all of us in state government have to deal with,



*Forget about bank bailouts! Issue Federal credit for things which are needed, and will stimulate useful growth in the local areas. Start on the high end, like a maglev rail system for the United States. Shown here: The maglev that runs between Shanghai, China, and its airport.*

and we have to deal with it immediately, and that is the following:

“When President Obama was elected, he indicated that he would initiate an economic recovery program from the bottom up. Now, since he has taken office, there has been one payment to the states, that came as a product of his initial stimulus bill, and that money did, in fact, allow many states to continue basic functioning when they would not have been able to otherwise. But it is also the case, that for most states, that money did not go very far. And on top of that, soaring unemployment has only served to worsen the situation.

“Almost all state governments right now, whether they are dominated by Democrats or Republicans, are being forced to enact both tax increases and increases in virtually all fees that we charge our citizens for basic services. And we are being forced to do that at the very same time that we make cuts in vital services.

“Now, the Administration has prioritized dealing with the financial and banking crisis first, and in that area, you had the first bailout and the second bailout, and it looks like a third and fourth bailout. And I suspect that surely there are more coming. But the fact is, that aside from the very first stimulus bill, which everyone seemed to agree was inadequate, there has been no action coming from Washington. And the fact is, that right now, we all face emergency conditions. . . .

“So, my question to you is really twofold. One is the obvious question, and that is: What are we to do under these conditions? But also, what are we to do, and what are we to instruct our constituents to do, in order to effect the kinds of changes in Washington that are necessary if any of us are going to make it through this crisis? Thank you again for all of your remarks today, and please don’t stop fighting.”

**LaRouche:** I won’t.

All right, first of all, there is something we can do, and should do right away. First of all, stop all bailout of banking systems. Put them into bankruptcy receivership, immediately. Stop all bailouts. No bailout! You put the financial institution into receivership in bankruptcy. That includes the

Federal Reserve system, which is actually bankrupt. Don't bail anybody out, financially.

All right, now why? Because we have a need for very large amounts of credit. For example, we have to worry about a general collapse of the health-care system. We're on the edge of a breakdown of the health-care system. You're not looking at what I'm getting from doctors out there, from physicians out there.

You're about to get a United States which is about to lose a lot of population because there is no health care available for ordinary people. You have people who are in the system now, as physicians, who want \$1,500 before they'll even talk to you. You can't have their telephone number, unless you pay up \$1,500. And the fees are still gigantic. What about our population out there which has lost its income? What are you doing? What are you, insane? That goes together with Social Security.

Now, also, we have an automobile industry—we *had*—which, as I indicated, we don't need the automobiles. We've got too many automobiles. What we need is a mass-transit system, and we need it fast. We need all kinds of things, which the former auto industry, with its machine-tool capability mobilized, and its personnel mobilized around it, all these things that we need urgently.

Now, what we need: We've got to look from the bottom up also; not the top down, only—the bottom up. The bottom up is, we need a work program, which will function within states as Federal programs which are needed objectives. We need to authorize these things immediately, these kinds of things. We have to reverse the trend of collapse in employment in this sector—not bailout—but in this sector.

You don't need the auto industry. Stop talking about the auto industry; it's dead, killed. We have a Japanese auto industry. That's what we're going to have to go along with for the time being, but we need the machine-tool-driven capacity for what was the auto industry for any number of projects which that industry is capable of producing, as I proposed in 2005, up to 2006, until they stepped on it. The Speaker of the House stepped on that one. We need that.

We also need programs on the state level. You want a trickle *up* economy, not a trickle *down* economy, because you've got to go in these states, which are nearly in destitution; you've got to get the states functioning again, economically. You've got to put the money *there*, and that's the way to work it. In the immediate trend,

that's the direction we've got to go in. Don't worry about bailout. You need a bailout? We'll put you in bankruptcy. That should be the answer.

You want a bailout? Okay, you're going into bankruptcy tomorrow, and we want to look at all your assets. Because you're going through bankruptcy, buddy, remember? You're going into bankruptcy reorganization, including personal bankruptcy reorganization. No golden parachutes!

So therefore, we need to put the limited resources of the credit-emitting resources of the United States, the Federal government of the United States, into things which are needed, which as a result, will stimulate a resurgence in actual useful growth in the local areas, and that's the way to do it. You've got to start on the high end. You need the commitment. We're going to build a national rail maglev system for this nation. Let's get going!

We're going to build nuclear power plants for this nation, because the other things won't work. We're going to actually look at agriculture. We're going to look at water system rebuilding; we have a water system crisis in the United States. We have a mass transportation crisis in the United States. We have a health-care provision crisis in the United States.

All of these things are where the Federal government can utter credit, either subsidies or credit, to state areas, which will generate a reversal of the income flow and employment on the state level, on the base level of the population. That's what Roosevelt did. This is a different situation, but the principle is the same. You've got to stop the bleeding! If you stop the bleeding, then you can work from there.

But the turn has to be a decision to reverse the process. *Stop the bleeding!* Put the blood injections in the state level. Do it through the Federal government, because that's the only institution that can generate credit in this nation, original credit. So, take those programs, which are Federal programs—like revive the CCC [Civilian Conservation Corps]. We've got a need for that sort of thing right now, with all these youth who are drugged up, and so forth. You need something to save them. So, things that will benefit the local and state level, as benefits, through Federal projects, which are valuable Federal projects; that should be the priority.

And anybody else needs a bailout, we've got a wonderful bailout; it's called bankruptcy. Make a list of all your assets; we're going to be reviewing those.

THE 'ECONOMIC BEHAVIORISTS'

## Clean Out the Nest of Psywar Vipers Around Nero Obama

by John Hoefle

Most people don't know where their opinions come from. That statement may sound absurd to some, but it is true. Much of what is generally considered personal opinion is actually the result of decades of brainwashing delivered through our educational system, our entertainment and news media, the ever-present advertising, and more recently, the Internet.

In this feature, we will show how a small group of behavioral economists is shaping policy in the Obama Administration, and we will show how that group of behaviorists is merely the latest incarnation of a long-standing British Empire campaign to destroy the United States, and to undo the American Revolution. We will trace the activities of this group to the Tavistock Institute and the London School of Economics, and beyond that to Jeremy Bentham and the Venetian Paolo Sarpi.

Though couched in pseudo-scientific terms, and presented as New Age self-help and personal empowerment measures, the policies these behaviorists are pushing are designed to dehumanize the population, to turn us into even more of a herd of frightened sheep than we are already. Now that the financial bubble has popped, they say, it is time for a new paradigm, one which will prepare us for the coming collapse of living standards, and of population levels. These policies will be pre-

sented as positive—stopping “global warming,” learning to live simpler lives, doing with less as a way of saving the planet. Underneath this feel-good pop psychology is pure fascism.

### **The Obama De-Generation**

These policies are particularly aimed at the children and grandchildren of the Baby Boomers, the generations which have rejected the “reality” of the Boomers in favor of creating one of their own. These youth have seen what a mess their parents and grandparents made of the world and want no part of it, but they have no real sense of identity around which to properly diagnose and remedy the disaster they are inheriting. As a result, they've largely opted out, indifferent to the world in which they live, preferring to escape into entertainments, amusements, and narcissism.

Obama, as is becoming more clear in the wake of his disastrous trip to Europe, shares this indifference. Lyndon LaRouche identified Obama's problem as a “Nero Complex” (see below) in which his narcissistic fixation dominates his personality. He is too committed to his own glory to worry about others, or the fate of the nation.

This indifference to reality, and his desire to see himself as a Messiah of change, plays right into the



White House/Pete Souza

*The small group of behavioral economists now shaping policy in the Obama Administration is but the latest incarnation of a long-standing British imperial campaign to destroy the United States and undo the American Revolution. White House Office of Management and Budget director Peter Orszag, shown here with President Obama, is a follower.*

hands of the behaviorists, who themselves are indifferent to the plight of humanity, and are determined to destroy the United States by turning its people into gutless sheep, unable to resist the planned global dictatorship. To them, Obama is the empty vessel into which they can pour their theories, while to Obama, they are levers he can pull to remake the country in his image. It is a marriage made in Hell.

In the wake of the disastrous Bush-Cheney Administration, people were filled with hope that Obama would be different, that he would return the nation to the proper course. Instead, we have been betrayed. The Obama Administration has continued the Bush-Cheney drive for war, de-emphasizing Iraq in favor of Afghanistan; he has continued the transition of the U.S. into a British-style police-surveillance state, and he has continued that gigantic swindle known as the bank bailout. With regard to the policy of confrontation with Russia, qualified sources have told *EIR* that the option of dropping the provocative deployment of anti-missile missiles on its periphery, was seriously on the table in private discussions between Obama and top Russian leaders, as well as in Obama's deliberations with his national security team. But from his statements in Prague

on April 4, it appeared that he had changed his mind.

At the G20 meeting in London on April 2, Obama betrayed the very principles upon which this nation was founded, by conceding to a British scheme to turn the International Monetary Fund into a global financial dictatorship, able to issue its own currency and impose orders on nations, including the U.S. In exchange for being fêted as the "I'm not Bush" world hero, he sold the nation down the river.

Part of this can be laid directly at the feet of Larry Summers, the director of the National Economic Council and Obama's chief economic advisor. Summers makes sure that the trillions of dollars of

taxpayer money keeps flowing into the banks, bailing them out, while sticking the nation with a ruinous bill. In the terms of the Benthamite psychologists, Summers delivers pleasure for the parasites, while inflicting the pain on the people.

Preparing the people for the pain is where the "behaviorial economists" come in.

### **The Kooks**

We put the term "behavioral economists" in quotes because, though they use that term, they are not really economists at all, but psychological warfare specialists disguising their psywar measures as economic policy. They are all hard-core followers of the British philosophical radicalism of John Locke, Bernard de Mandeville, Adam Smith, and Jeremy Bentham, the 18th-Century creatures who argued that man in nothing more than a beast, irrationally driven by pleasure and pain.

This, of course, is nothing new. The Mandevillian "private vices, public good" rationale, manifested in the more modern "greed is good" outlook, was the creed of the bubble, and remains the creed of the behaviorists. What has changed, is that the bubble has



swiss-image.ch/E.T. Studhalter

*Larry Summers, President Obama's chief economic advisor, makes sure that trillions of dollars of taxpayer money keeps flowing into bank bailouts, while sticking the nation with a ruinous bill. A true Benthamite, Summers delivers pleasure for the parasites, while inflicting pain on the people.*

burst, requiring an alteration of the brainwashing programming. Whereas the old-style “neo-classical economics,” with its assertion that man acted in his “rational self-interest,” was useful in convincing the people that the “markets” knew what they were doing, and that the bubble was good for the nation and good for the people, that era has passed. Now the people are to be told something else: that the bubble was wrong, that we went too far, that we are killing the planet, and that changes, and sacrifices, must be made. We must be “green,” we must not only accept, but desire, a lower standard of living. We are, in effect, being prepared to pay the bill for the bailout, and for the destruction it will produce.

The core of this group of behaviorist kooks is the Behavioral Economist Roundtable, based at the Russell Sage Foundation in Washington, D.C., and jointly run through Sage and the Alfred P. Sloan Foundation. These foundations are offshoots of the same treasonous, pro-British networks who supported Hitler and Mussolini, created the fascist American Liberty League, and fought President Franklin Roosevelt at every turn. They were fascist then, and they are fascist now.

*Time* magazine (April 13), in an explosive article, exposed that President Obama is surrounded by a collection of these behaviorists, who have cultivated a cult-like following through the publication of such nutty pseudo-economic tracts as *Freakonomics*, *Nudge*, *Predictably Irrational*, *The Wisdom of Crowds*, and *Animal Spirits*. These economists, including longtime Obama advisors Cass Sunstein, Richard Thaler, Dan Ariely, and Daniel Kahneman, have formed a tight clique, surrounding the President, to the exclusion of some of the more well-known, neo-classical economists, originally brought in to the Obama White House, but who have now been cast aside in favor of the new paradigm.

White House Office of Management and Budget director Peter Orszag is another believer. “His deputy, Jeff Liebman of Harvard, is a noted behavioral economist, as are White House economic advisor Austan Goolsbee of the University of Chicago, Assistant Treasury Secretary nominee Alan Krueger of Princeton, and several other key aides. Sunstein has been nominated to be Obama’s regulatory czar. Even National Economic Council director Larry Summers has done work on behavioral finance. And Harvard economist Sendhil Mullathainan is organizing an outside network of behavioral experts to provide the Administration with policy ideas,” *Time* reported.

The founder of the “behavioral economics” movement is Daniel Kahneman, a French Jew who wound up in the Israeli army, where he teamed up with Amos Tversky, who published paper after paper on the subject, beginning in 1969. Under the guise of attempting to prove that people were irrational, they presented a series of questionnaires in which people were asked to choose between a series of unacceptable options. Here is one example:

“You must deal with a public health epidemic threatening 600 people.

“First question: One course of action would save 200. The other has a one-third chance of saving 600, and a two-thirds chance of saving none. Which would you choose?

“Second question: One course of action will result





Creative Commons/Matthew W. Hutchins, Harvard Law Record

*The behavioral economists, including longtime Obama advisor Cass Sunstein (above), have formed a tight clique around the President; traditional economists have now been cast aside in favor of the new paradigm.*

in 400 deaths; the other has a two-thirds chance of 600 deaths and a one-third chance of no deaths. Which would you choose?"

The real point here lies not in analyzing the answer you select, but in the dehumanizing effect of submitting to such questions in the first place. This is a classic "Reesian choice," named after the late Tavistock brain-washer John Rawlings Rees. The participants are not being graded, they are being attacked.

Longtime Obama friend Cass Sunstein, the co-author of *Nudge* and the man tapped to become the Administration's regulatory czar, is an animal-rights cultist as well, who advocates human rights for animals. That's really just the flip side of believing that humans are animals—animals who should be enslaved because they are irrational and therefore must be controlled. This is the bestiality and degeneracy of the British Empire, being openly displayed in Nero Obama's government.

In the following reports, we pull back the curtain—or lift the rock, if you prefer—on these creatures, to alert you to who they are and who controls them. We do so not merely to provide information, but to identify a grave threat to our nation's security. This nest of British-trained vipers must be cleaned out, if we are to reclaim our nation.

—[johnhoeftle@larouchepub.com](mailto:johnhoeftle@larouchepub.com)

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Lyndon LaRouche

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## We've Got a Problem: Obama's Nero Complex

April 7—U.S. President Barack Obama has a Nero Complex, which was proven beyond a doubt in his performance at the recent G20 summit in London, and continues to be demonstrated in his ongoing trip to Europe.

"That's what we're up against, and we're going to lose the country unless this thing is brought under control," Lyndon LaRouche said today. "We have a President who was just inaugurated recently, with a Nero Complex, in the middle of a crisis, doing all the wrong things suddenly. *We've got a problem!*

"And you have to think about the Emperor Nero here, if you want to understand what this is all about. Which is what he has made himself appear to be, by this summit in London. He betrayed the United States, and he betrayed many people who had confidence in him as being an honest man. This whole operation was dishonest; he was engaged in a deception," LaRouche said.

LaRouche referred to the way Obama summarily banished Paul Volcker from his circle of economic advisors when he didn't like what Volcker was saying. "What was experienced by Volcker is simply an expression of the Nero problem. You see the way he's stripping off people that he's adopted as cabinet circles, and similar kinds of circles. One by one, as with Nero, they're going. One by one. The guy has a rotten streak in him. He betrayed the U.S. He did! He betrayed the United States."

On Obama's April 5 speech in Prague, where he embraced the Bush policy of placing missile defense systems in Europe, contrary to his own earlier statements, LaRouche said: "He's switching everything! Emperor Nero! Watch who's the next Seneca."

Seneca, who had been a critical advisor to Nero, was ordered by Nero to kill himself. He followed tradition by severing several veins in order to bleed to death, and his wife Pompeia Paulina attempted to share his fate.

"Nero is the fellow who told the guy who was his sponsor to go over and commit suicide by cutting his veins and dying in his bathtub," LaRouche noted. "And

the issue is, the way that the Obama Administration is going now, that threatens to be the destiny of anyone who is a member of the Obama Administration.

“The way Obama is acting strongly suggests that he is a Narcissus case,” LaRouche elaborated, “which has been shown in this connection with his changes in behavior in his visit to London and Europe. This has shown that the man has a chronic Narcissus complex like that of the Emperor Nero.”

“He is fickle, fickle, fickle! Don’t put any credence in interpreting what he says. We’ve already had an example of that. We saw what he pretended to be, up to a certain point. He went to London, and then he showed us what he really is. That’s already established. That’s not something that’s debatable. That is a fact! And I know people get frightened when I say things like that, but you have to face reality. That’s what our problem is.

“The guy got in and he fooled us. The possibility of that was clear,” LaRouche explained. “We dealt with it, but we didn’t have it. We didn’t have concrete evidence, and that’s because people were covering this thing up. So now what’s happened is he’s now in power, and what he really is, has been exposed. People were looking for a political commitment as the issue—that he had a different political commitment. And what you find out is he had no political commitment; he had an *ego commitment*. It’s a Narcissus Complex.”

LaRouche also took note of the growing opposition to Obama’s top economic advisor Larry Summers: “This thing is *not* a Summers scandal,” LaRouche explained. “What you are really talking about with this case is a much more interesting story. Many of us realize that Obama is really a Nero type; then they themselves got on the wrong end of his anger, and are not taking it lightly. Some of these people also have a historic, patriotic motive, and recognize that this guy is betraying the country. So now he’s going to find himself, for those and related reasons, in all kinds of trouble. And although they will not go after him directly, they will peel off his apparatus,” beginning with Summers, who is among the most vulnerable.

“It wasn’t Summers that was caught. Summers was protected by the President. And now the President, being who he is, will abandon Summers. Anybody who can become inconvenient to Nero gets abandoned.”

LaRouche concluded: “The Emperor Nero is not a popular institution inside the U.S. And we have to think in terms of the Emperor Nero, otherwise you don’t understand Obama.”

# London’s Black-Ops Project

by Anton Chaitkin

April 10—*Time* magazine misnamed as the “Consortium of Behavioral Scientists” what it described as “a secret advisory group of 29 of the nation’s leading behaviorists,” directing President Barack Obama’s catastrophic policy, of pouring out trillions of dollars to prop up the London-centered offshore finance swindle.

The group of economists is actually called the Behavioral Economics Roundtable, based at the Russell Sage Foundation in Washington D.C. The “behavioral economics” project has been tightly organized and run jointly since 1986 by the Alfred P. Sloan Foundation and the Russell Sage Foundation.

Through these and related institutions, the project’s sponsors are descendants of the the same clique of London-directed strategists who created the Hitler and Mussolini regimes, and ran the propaganda war against President Franklin Roosevelt.

After World War II, these British Empire strategists revived fascist economics and psychological manipulation methods to attack and reverse Roosevelt’s legacy.

## The Empire’s Irrational Subjects

Israeli kook psychologist Daniel Kahneman, called the founder of behavioral economics, was an apostle of brainwashing expert Kurt Lewin. Kahneman has described his own Israeli army experiments, based on the psychological warfare methods of Lewin’s bosses in London’s Tavistock Institute: the study of soldiers’ vulnerable minds in “leaderless groups.”

Kahneman met Alfred P. Sloan Foundation vice president/psychologist Eric Wanner in 1982. Wanner, previously employed by Britain’s Sussex University, home of the Tavistock Institute, took Kahneman under his wing. Wanner soon afterwards became chief executive of the Russell Sage Foundation and, in 1986, he instituted the Behavioral Economics Project, run jointly by the Sloan and Sage foundations.

Both foundations, as will be reported below, were central to London’s post-World War II fascist revival.

This began before the war was even won. In 1944,



*In the nightmare of the 1930s, Alfred P. Sloan, the chief executive of General Motors, was among the small circle of leading pro-Hitler industrialists in the United States. In 1934, Sloan helped to found the American Liberty League, which organized American pro-fascists to attack President Franklin Roosevelt. Sloan appears here on the cover of Time, Sept. 24, 1925.*

Montagu Norman had stepped down as governor of the Bank of England, after two decades directing the London and Wall Street promotion and funding of the Hitler dictatorship. Norman next created the World Federation for Mental Health, managed by leaders of the pro-Hitler Cliveden Set under the presidency of Tavistock Institute director John R. Rees. Heading this London initiative within the U.S.A. was Kurt Lewin, working for Tavistock with Rockefeller money arranged by Russell Sage Foundation operative Raymond Fosdick.

Lewin set the tone for what is now called “behavioral economics”: Instead of a republic’s government serving its citizens, an empire’s oligarchy rules its subjects by playing on popular ignorance and irrationality. Lewin mused in his 1941 book, *Time Perspective and Morale*:

“One of the main techniques for breaking morale through a ‘strategy of terror’ consists in exactly this tactic—keep the person hazy as to where he stands and just what he may expect. If, in addition, frequent vacillations between severe disciplinary measures and promises of good treatment, together with the spreading of contradictory news, make the cognitive structure of this situation utterly unclear, then the individual may cease to know when a particular plan would lead toward or away from his goal. Under these conditions, even those individuals who have definite goals and are ready to take risks will be paralyzed with severe inner conflicts in regard to what to do.”

### **Sloan, Sage, and the Project**

The two foundations running the Behavioral Economics Roundtable have extended this project and put their behavioral operatives into the National Bureau of Economic Research (NBER—an anti-labor think-tank funded entirely by the right-wing Olin, Bradley, Scaife, and Smith Richardson foundations), giving many Roundtable Sage-Sloan paid operatives an NBER label.

Arrangements with NBER have been supervised by Sloan Foundation Program Director Michael S. Teitelbaum, who epitomizes the unashamed Hitler legacy at Sloan. A former Oxford University faculty member, Teitelbaum was a key American instigator of the return of the Nazi race pseudo-science called eugenics. From his Sloan base since 1983, Teitelbaum has spread eugenics and anti-immigrant filth into Congressional deliberations. He was president of the American Eugenics Society from 1985 to 1990, and vice president of the Sloan Foundation in the late 1990s, as “behavioral economics” was revved up.

This effort has borne rotten fruit in the person of leading behavioral economist Alan Krueger, whom President Obama has nominated to be Assistant Secretary of the Treasury for Policy. Though not yet confirmed, Krueger has already been advising Treasury Secretary Tim Geithner on the catastrophic bailouts.

Krueger has been a director of the Russell Sage Foundation, a Sloan Fellow, an NBER Olin Fellow, and is a longtime staff leader at the eugenics movement’s Office of Population Research at Princeton University. American Eugenics Society founder Frederick Osborn created that office at Princeton in 1936, the year after the eugenics movement triumphed with the passage of Hitler’s Nuremberg race laws. (The office now adver-

tises a workers' efficiency survey being conducted by Treasury-designee Krueger and his fellow Princeton faculty member, behavioral economics originator Daniel Kahneman.)

In the nightmare of the 1930s, Alfred P. Sloan was among the small circle of leading pro-Hitler industrialists in the United States. He had been made chief executive of General Motors in 1923 by GM's co-owners, the J.P. Morgan bank and the DuPont chemical enterprise.

In 1934, Alfred P. Sloan and Morgan-DuPont financial executive John Jacob Raskob founded the American Liberty League, and at the same time, the Sloan Foundation. The Liberty League organized American pro-fascists to attack President Franklin Roosevelt, while carrying on propaganda favorable to Mussolini and Hitler.

The Sloan Foundation's assets were based on shares of General Motors, whose Opel division produced a large proportion of Germany's exports for the Hitler regime throughout the 1930s.

The Russell Sage Foundation, a British Empire agency planted within the United States (with money from Wall Street speculator Russell Sage's widow), was X-rayed in the 1976 reference work *Carter and the Party of International Terrorism*, published by the U.S. Labor Party:

"Since its incorporation in New York State in 1907, the Russell Sage Foundation has served as the major Fabian Society-Fabian Research Bureau operation in North America. Russell Sage has been the pioneer institution in the building of a 1984 [Orwellian]-style police infrastructure in this country: in the nazification of the federal judicial system; and the development of computer technology as a technical upgrading of centralized Wall Street black propaganda control over every facet of the mass media in the field of overt criminal and terrorist activity ... since its engineered takeover of the New York City rackets during the late 1910s, [Sage] has been maintaining an ongoing program of crime profiling....

"Under the stated purpose of scientific social work, Russell Sage initiated a wide range of projects [aiming at] the creation of a centrally controlled, mass-social-control apparatus. Russell Sage conducted the earliest program in co-participation (Mackenzie King's profiles of the Rockefeller family Colorado mining companies and working-

## The Roundtable 29

*The Russell Sage Foundation identifies the "Behavioral Economics Roundtable" members as:*

1. Henry Aaron, Brookings Institution
2. George Akerlof, University of California, Berkeley
3. Linda Babcock, Carnegie Mellon University
4. Nicholas C. Barberis, Yale University
5. Marianne Bertrand, University of Chicago
6. Roland J. M. Benabou, Princeton University
7. Colin Camerer, California Institute of Technology
8. Peter Diamond, Massachusetts Institute of Technology
9. Jon Elster, Columbia University
10. Ernst Fehr, University of Zurich
11. Robert H. Frank, Cornell University
12. Christine Jolls, Harvard University
13. Daniel Kahneman, Princeton University
14. David Laibson, Harvard University
15. George Loewenstein, Carnegie Mellon University
16. Brigitte Madrian, University of Pennsylvania
17. Sendhil Mullainathan, Massachusetts Institute Technology
18. Edward D. O'Donoghue, Cornell University
19. Terrance Odean, University of California, Berkeley
20. Drazen Prelec, Massachusetts Institute Technology
21. Matthew Rabin, University of California Berkeley
22. Thomas Schelling, University of Maryland
23. Eldar Shafir, Princeton University
24. Robert Shiller, Yale University
25. Cass Sunstein, University of Chicago
26. Richard Thaler, University of Chicago
27. Jean Tirole, University of Social Sciences, Toulouse
28. Richard Zechhauser, Harvard University
29. Amos Tversky (until his death), Stanford University



*The Tavistock Institute's Kurt Lewin set the tone for what is now called "behavioral economics": Instead of a republican government serving rational citizens, an empire's oligarchy rules its subjects by playing on popular ignorance and irrationality.*

class profiling [in] Pittsburgh and San Francisco...)

"[In World War I] Russell Sage moved its offices to Washington, D.C., and took over the Department of War. The Foundation [with its London background]—in that government capacity—organized the entire logistical and support operations for the U.S. war effort [in the alliance with Britain]. Personnel placed in the State Department took control over all German-American assets for the duration of the war. Col. Ayer of Russell Sage was one of President Wilson's chief negotiators and advisors at Versailles; he later assumed charge of the postwar German reparations and through this, was instrumental in creating the Anglo-American networks epitomized by the activities of [Hitler intelligence executive] Adm. Canaris and [London-controlled Nazi regime-designer] Hjalmar Schacht.

"Russell Sage [later concentrated on] funding of Raymond Fosdick [head of the Rockefeller Foundation who coordinated with publicist Ivy Lee and Morgan partner Thomas Lamont in directing international finances and public relations for the Mussolini and Hitler regimes] and supervision of German military buildup during the Weimar period.

"[Just as] the original Fabian Society used visiting



*Sloan Foundation program director Michael S. Teitelbaum was a key instigator of the revival of the Nazi race pseudo-science eugenics. From the Foundation, Teitelbaum, former president of the American Eugenics Society (1985-90), spread eugenics and anti-immigrant filth into Congressional deliberations.*



Robert J. Gordon website

*Andrei Shleifer, is part of what the New York Times dubbed a "small circle of financial professionals, particularly hedge fund managers," that Larry Summers has "cultivated ... to serve as an informal brain trust." Shleifer's wife, Nancy Zimmerman, was running a hedge fund out of the back room of Harvard's USAID-funded privatization project office in Moscow.*

fellow programs [to recruit] long-term agents of influence, the Russell Sage Foundation maintains a network of leading operatives in every major university in the United States... Among the notable individuals [created as Russell Sage projects were]:

"Charles Hamilton, sponsor of Stokely Carmichael's Black Power project; ... Daniel Bell [author of *The Coming of Post-Industrial Society*]; Alvin Toffler, author of *Future Shock*; Kenneth Boulding, the zero-growth convergence theory planner; University of Chicago psychological warfare [strategist] Morris Janowitz; top brainwasher Edward Shils; Columbia University counterinsurgency warfare planner Amitai Etzioni; LEAA [Law Enforcement Assistance Administration] founder James Vorenburg; Institute for Policy Studies

terrorist controller and labor counterinsurgency expert Paul Jacobs; and the leading European-based linguistic brainwasher and left counter-gang controller, Alvin Gouldner of *Theory and Society*.”

### The Obama Vortex

This London “black-ops” project, behavioral economics, has embedded its operatives throughout the Obama Administration.

Sage Foundation director Richard Thaler is a linchpin of the scheme. Thaler originally managed the Sloan-Sage sponsorship of Daniel Kahneman to “define that field” of economics.

Thaler runs a multi-billion-dollar private asset fund (Fuller & Thaler) employing Kahneman as a director. Thaler’s private fund took over from Russell Sage the financing of the behavioral economics project inside NBER.

A University of Chicago professor, Thaler closely consults his younger faculty colleagues Austan Goolsbee and Cass Sunstein, two Obama advisors who were initiated into Thaler’s behavioral economics clique.

Sunstein co-authored Thaler’s book, *Nudge*, on how a regime can engineer people’s choices without their knowledge. President Obama has chosen Sunstein as U.S. administrator of the Office of Information and

## MisBehavior in Russia

The knives are out for Larry Summers, former Harvard president, behavioral economist, director of the National Economic Council for President Barack Obama. The *New York Times* (April 6, 2009, “A Rich Education for Summers (After Harvard)”) speared him as a fanatical hedge-fund operator and multi-millionaire.

His Harvard protégé, the prominent behavioral economist and mass corruptionist Andrei Shleifer, is part of what the *Times* called the “small circle of financial professionals, particularly hedge fund managers,” that Summers has “cultivated ... to serve as an informal brain trust. He consults with them on policy matters from his perch in the White House.”

In the early 1990s, Summers was chief economist for the World Bank, coordinating the privatization and looting of Russia with Vice Premier Anatoly Chubais. While Summers’ man Shleifer and Harvard University were then being paid by the U.S. government to advise Chubais and the Russians on privatization, Shleifer’s wife, Nancy Zimmerman, was running a hedge fund out of the back room of Harvard’s USAID-funded privatization project office in Moscow.

Put in charge of setting up a stock market, and engineering other post-Soviet projects, Shleifer engorged himself on the resultant stocks and bonds,

while Russia slid into misery. The U.S. government sued Harvard, Shleifer, and Zimmerman under the False Claims Act. Harvard and Shleifer reached an agreement with the Justice Department in 2005: Harvard paid \$26.5 million to settle; Shleifer paid \$2 million in damages, on top of his wife’s firm’s \$1.5 million in damages.

As Summers defended the looting of Russia and Shleifer’s role in it, Harvard paid most of Shleifer’s damages and kept him on the faculty.

The cited *Times* article names only Nancy Zimmerman, and not Shleifer himself, as being in that Summers circle of hedge fund managers.

The *Times* makes a reference that points in the direction of the underlying behavioral economist takeover of the Obama Administration:

“Among these [hedge fund] insiders are Kenneth D. Brody and Frank P. Brosens, the founding partners of another hedge fund, Taconic Capital Advisors, for whom Mr. Summers did consulting work from 2004 to 2006. Mr. Summers reached out to Mr. Brosens in December to discuss the Obama administration’s economic priorities. This year, he campaigned to have him run the federal office overseeing the \$700 billion bailout program. Mr. Brosens withdrew his name from consideration last month.”

The cited Kenneth D. Brody (Brosens’ partner) is himself the Treasurer of the Russell Sage Foundation, the central channel through which the behavioral economics project has been foisted on the American government.

—Anton Chaitkin

Regulatory Affairs. Sunstein's wife is Samantha Power, a longtime, paid George Soros agent specializing in provoking wars in Africa, who now runs "multilateral affairs" (the London connection) in Obama's National Security Council.

Goolsbee, a notorious advocate of radical free trade, was chief economic advisor to Obama's Presidential campaign. Like current Obama chief economic advisor and fellow behavioral economist Larry Summers, Goolsbee worships the late University of Chicago economist Milton Friedman. Goolsbee eulogized Friedman (*New York Times*, Nov. 17, 2006) for "scientific economics."

The London-Wall Street sponsors of behavioral economics want to get away with crushing austerity as policy outcome in the present systemic collapse. From the Aug. 6, 1923 *Time* magazine cover lionizing Benito Mussolini, on through the 1930s, they claimed that *Il Duce* was brutal, but "he made the trains run on time."

Goolsbee invoked that Mussolini legacy in the title of an article, "Where the Buses Run on Time" (*Slate*, March 16, 2006), to praise the behaviorist speed-up of bus drivers made possible by Milton Friedman's economic program under the Pinochet dictatorship in Chile. Goolsbee argued that Chicago should use the methods for reducing wages and speeding up bus drivers that had been successful outcomes of the Chilean fascist regime.

## The Daniel Kahneman, Amos Tversky Swindle

by Mark Bender

April 8—The short version of behaviorist economics is that it can be considered the carry-over of the pseudoscience behind the Pentagon's Revolution in Military Affairs into the civilian sphere. It also clearly reflects the hedonistic calculus of Jeremy Bentham and Bernard Mandeville.

Its origins can be traced to two Israeli behavioral psychologists, Daniel Kahneman and Amos Tversky, both with experience in, and employed by the Israeli Defense Forces (IDF), who had begun a long collaboration by 1968.

Born in Tel Aviv in 1934, Kahneman spent his youth in France, where his father was director of research for

a chemical company "directed by the financial mainstay of the Fascist anti-Semitic movement in France in the 1930s," as Kahneman recalled in his autobiography (*A History of Psychology in Autobiography*). At the end of the war, the family embarked for Palestine.

Kahneman received his bachelor's degree from Hebrew University in Jerusalem in 1954, majoring in psychology with a minor in mathematics. A favorite professor there introduced him to the work of "group dynamics" brainwasher Kurt Lewin, especially Lewin's "force field from the outside." He was so taken by Lewin's theories that he still teaches them today.

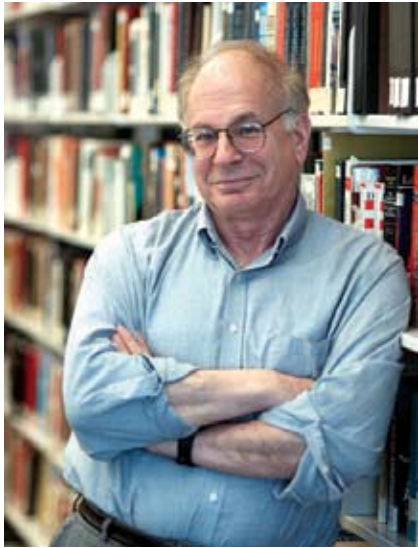
After graduating, he served in the Israeli Army for four years, three of them in the psychology branch of the IDF. One of the projects he worked on was selection of individuals for officer training, using methods based on World War II British manuals. In a test involving a leaderless group, he experienced what he called the "first cognitive illusion I described," which he named "the illusion of validity."

In an autobiographical sketch he submitted upon receiving a Nobel Prize, he wrote, "puzzles with which I struggled at the time were the seed of the paper on the psychology of intuitive prediction which Amos Tversky and I published later." Kahneman is known as a leader in the field of hedonics, with an emphasis on the "framing" of decision-making (how a question is "framed" will affect the answer).

The two began publishing in the early 1970s, with the seminal work "Judgment Under Uncertainty: Heuristics and Biases," published in *Science* magazine in 1974. At the end of that detailed work is a note indicating that their research "was supported by the Advanced Research Projects Agency of the Department of Defense [DARPA] and was monitored by the Office of Naval Research" under a contract with the Oregon Research Institute, with additional support "provided by the Research and Development Authority of the Hebrew University."

### Behavioral Economics Is Born

Kahneman and Tversky worked in Israel, the United States, and Britain, each spending time at Cambridge, and in 1978, both arrived at Stanford University's Center for Advanced Studies in the Behavioral Sciences. It was here that they met University of Rochester-trained economist Richard Thaler, and the "science" of behavioral economics was born. The next year, 1979, saw the publication of the fundamental work of the new



PD-USGov-NIH



The origins of behaviorist economics can be traced to two Israeli behavioral psychologists, Daniel Kahneman and Amos Tverski. In 1979, the pair published the fundamental work of the new “science,” Prospect Theory, Analysis of Decisions Under Risk.

“science,” *Prospect Theory, Analysis of Decisions Under Risk*, by Kahnemann and Tversky. Later, the two published works along with Thaler and others, notably the British Columbia-based behavioral economist Jack Knetsch.

In 1982, the grouping was “institutionalized,” one might say, by Eric Wanner, who was then the vice president of the Sloan Foundation, and who proposed funding an integration of behavioral psychology and economics. A year later, when Wanner became president of the Russell Sage Foundation, he brought the psychos along with him, and began to fund the project, which continues today. The first step was to send Thaler to the University of British Columbia, where Kahneman was teaching, to work with him for a year. At this time, Jack Knetsch would have also been at UBC.

It was at Sage that Kahneman, Tversky, and Knetsch produced a work in which they tried to give their “Prospect Theory” historical grounding, citing four works of theoretical “heritage,” one of which is the work of John von Neumann and Oskar Morgenstern. The result was “Fairness and the Assumptions of Economics,” published in a special issue of *The Journal of Business*. Kahneman received half a Nobel Prize in 2002, for “having integrated insights from psychological research into economic science, especially concerning human judgment and decision making under uncertainty.” He

is today at Princeton. Tversky died in 1996.

In 1995, Thaler, who continues as a director at the Russell Sage Foundation, came to the University of Chicago. At Chicago, Thaler made a quick convert and lifetime associate of Cass Sunstein, a professor of law, who quickly spread the ideas to the legal profession, causing a minor revolution in teaching methods, which continues today. Sunstein became a close associate of Barack Obama, who was also resident at the University of Chicago at that time, and led Thaler to him at a 2004 Illinois Senate campaign event. Thaler’s response at the time was, “You know, he seems like the real deal.”

Thaler, in addition to being an economics professor at the University of Chicago, is still on the board of the Russell Sage Foundation, which also houses the vaunted Consortium of 29, the Behaviorist Economics Roundtable, founded in 1992.

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Paolo Sarpi

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## The Venetian Roots of ‘Behavioral Economics’

by Jeffrey Steinberg

April 10—While *Time* magazine’s (April 13, 2009) exposé of the “behavioral economists” surrounding President Barack Obama has put an important spotlight on a dangerous disease, infecting the economic decision-making at the Oval Office, the author of the exposé only scratched the surface of the actual evil underlying this hedonistic madness.

The bestial notion of man as an irrational creature, driven by overwhelming impulses to seek pleasure and avoid pain, which is at the heart of the so-called “behavioral economics” dogma, came directly from Venice,



the wellspring of all modern financier oligarchism. The author of this schema, which ruthlessly rejects actual human creativity, was Paolo Sarpi (1552-1623).

A Servite monk who rose to be the leading theological and juridical authority for the Venetian doge, Sarpi waged a war against the Catholic Church, and, despite his nominal status as a leading theologian, argued against the existence of God. In correspondence with Francis Bacon, mediated through the English ambassador to Venice, Henry Wotton, Sarpi argued that man can only know the world through his senses. Thus, Sarpi was the author of the radical, anti-cognitive empiricist doctrine, later codified by successive generations of English utilitarians, from John Locke, to Bernard de Mandeville, to Adam Smith, to Jeremy Bentham.

Sarpi took a leading role in the Venetian faction known as the *Giovani* (Youth), who argued that Venice could not retain its financial and political power over Europe through its base in the Venetian lagoon. Sarpi and the *Giovani* not only promoted the Protestant break with Rome, they redeployed Venetian power into northern Europe, through the successive takeover of the Netherlands and England, via the creation of Venetian-controlled trading companies, including the Venice, Turkey, Levant, and, eventually, the Dutch and British East India companies. It was this financier-oligarchy, that took over England and, at the same time, promoted the radical empiricist dogma that has been the key to oligarchical power ever since.

It is from Sarpi's descendants, particularly the radical hedonist Jeremy Bentham (1748-1832), that all of the essentials of behavioral economics derive. Indeed, a 2004 paper, published by the British Fabian Society's London School of Economics, titled "Utility Theory from Jeremy Bentham to Daniel Kahneman," makes the case explicitly.

Essentially plagiarizing Sarpi, Bentham, in his infa-



Paolo Sarpi

mous *An Introduction to the Principles of Morals and Legislation* (1780) wrote, "Nature has placed mankind under the governance of two sovereign masters, pain and pleasure. It is for them alone to point out what we ought to do, as well as to determine what we shall do. . . . Every effort we make to throw off our subjection, will serve but to demonstrate and confirm it. The principle of utility—the greatest happiness or greatest felicity principle—recognizes this subjection, and assumes it for the foundation. . . . Systems which attempt to question it deal . . . in caprice instead of reason, in darkness instead of light."

Bentham was not only the chief philosopher for the British East India Company, during the tenure of its Secret Committee chairman, Lord Shelburne. During Shelburne's brief tenures as Foreign Secretary and Prime Minister, Bentham founded modern British intelligence.

Bentham first caught the attention of the Venetian-minded Shelburne for his diatribe against the American Declaration of Independence. In October 1776, Bentham wrote: "This, they 'hold to be' a 'truth self-evident.' At the same time, to secure these rights they are satisfied that government should be instituted. They see not . . . that nothing that was ever called government ever was or ever could be exercised but at the expense of one or another of those rights, that . . . some one or other of those pretended unalienable rights is alienated. . . . In these tenets they have outdone the extravagance of all former fanatics."

Bentham's hatred of the American Revolution and the principles of republican government were totally consistent with his Sarpian belief that man is a beast, pure and simple. That Sarpi and Bentham are the intellectual architects of the perverse doctrine of hedonistic behavioral economics ought to wake up some patriotic stirrings among some in and around the Obama White House.

# BAE Al-Yamamah Scandal Back in the Headlines

by Jeffrey Steinberg

April 10—PBS-TV's *Frontline* documentary series aired an hour-long exposé on April 7 of corporate bribery and corruption, headlined "Black Money." The centerpiece of the program was the case of BAE Systems (formerly British Aerospace), the giant British arms cartel, and its unprecedented barter deal with Saudi Arabia, a deal known as Al-Yamamah ("The Dove").

As longtime readers of *EIR* know, the Anglo-Saudi Al-Yamamah deal was, and remains, far more than an unusual oil-for-weapons barter scheme. The story goes far beyond the tens of billions of dollars in payoffs from the British firm to scores of Saudi princes and businessmen. It goes beyond the larger-than-life role of Saudi Arabia's longtime former ambassador to Washington, Prince Bandar bin-Sultan, who brokered the Al-Yamamah deal back in 1985, and received, at a minimum, \$2 billion in BAE kickbacks for his efforts.

As *EIR* uniquely revealed—and as *Frontline* failed to report—under the Al-Yamamah barter deal, an offshore, off-the-books black operations slush fund, estimated at more than \$100 billion, was built up, to finance covert operations on a global scale. Among those covert operations, acknowledged by author William Simpson in his semi-authorized biography of Prince Bandar: the bankrolling of the Afghan mujahideen, during the later phase of their decade-long war to drive

the Soviet Army out of Afghanistan (1979-90); and the arming of the government of Chad with Soviet weapons, during Chad's war with Libya.

Other sources have told *EIR* that Al-Yamamah funds were also behind the coup attempt against the government of Equatorial Guinea in 2004. That coup attempt, for which Mark Thatcher, son of the former British Prime Minister, was indicted, implicated British mercenary Simon Mann and one of the central players in the Al-Yamamah bribery scandal, Wafic Said, a Syrian-born Saudi financier, whose Swiss bank accounts were at the center of the Al-Yamamah bribery schemes.

Indeed, it was at the point that Swiss courts authorized the release of records from Said's Swiss accounts to Swiss prosecutors, probing the use of Swiss banks to launder Al-Yamamah bribes, that the Saudi and British governments moved, in a panic, to shut down the entire BAE-Saudi probe by Britain's Serious Fraud Office. Then-Prime Minister Tony Blair, who signed off on the coverup, after renegotiating "Al-Yamamah II," argued, speciously, that a further exposé of Al-Yamamah would gravely damage British national security interests, and would jeopardize the Global War on Terrorism, by short-circuiting Anglo-Saudi "anti-terror" collaboration.

In fact, as both British and Saudi senior officials know, part of the Al-Yamamah investigation directly implicates some leading participants in the financing of



BBC "Panorama"

*Saudi Arabia's Prince Bandar bin-Sultan with British Prime Minister Margaret Thatcher, during the take-off period of the multi-billion-dollar "Al-Yamamah" deal of BAE payoffs to Saudi princes and businessmen. The plot thickens.*

the Sept. 11, 2001 terrorist attacks on the World Trade Center and the Pentagon.

### How It Worked

*EIR* financial analysts uniquely "cracked" the BAE Al-Yamamah case through a detailed analysis of the scant public information released on the barter scheme. According to a rare public account of the original deal in *The Guardian*, later updated in the *Financial Times*, Saudi Arabia agreed to pay BAE upwards of 600,000 barrels of crude oil per day, in return for an array of British Aerospace fighter jets, training planes, support services, spare parts, maintenance, and training. The equivalent of up to one supertanker of oil per day was delivered to BAE, over a period of more than two decades; and in return, BAE provided an estimated \$80 billion in arms and services.

According to public data, maintained by British Petroleum, and by the Energy Information Administration in the U.S. Department of Energy, the price of the Saudi oil on the international spot market, over the 23 years of Al-Yamamah, in current dollar terms, was cumulatively well in excess of \$160 billion. Through a contract with British Petroleum and Royal Dutch Shell, administered through the British Ministry of Defence's Defence Export Services Organization (DESO), a government agency directed by officials of Britain's major arms manufacturers, the oil was, in fact, sold on the spot

market, and the funds deposited in DESO accounts. Where portions of the money went from there is one of the great unanswered questions of the Al-Yamamah affair.

While BAE billed the Saudi Ministry of Defense an estimated \$80 billion for the arms and accompanying services, sources in Britain who have closely tracked the Al-Yamamah probe, have proved that the total value of all the arms and services was no more than \$40-60 billion, and that much of the overcharge was kicked back to Saudi officials, in cash payments and lavish gifts and services. The Saudis made out like bandits. The

total cost to the Saudis of the crude oil, delivered to supertankers at Saudi ports between 1985 and the present, was in the range of \$25 billion. At no time, according to U.S. Department of Energy data, did the "lift cost" (the cost of extracting crude oil from the ground and piping it to port) to the Saudis exceed \$5 a barrel.

What is known around the world as the "BAE-Al-Yamamah scandal" revolves around the kickbacks and overcharges. With the almost sole exception of *EIR*, no one has raised the larger question: *What happened to the \$80-100 billion in additional funds, generated by the spot market sales of the Saudi oil that did not go to BAE as their share of the deal?*

Here, author Simpson provided the proverbial keys to the kingdom. In his biography of Prince Bandar, *The Prince*, the longtime British Air Force Academy friend and classmate of the Saudi royal wrote of his interview with Tony Edwards, the one-time chief of the DESO office that administered Al-Yamamah:

"Edwards admitted that for the Saudis the use of oil meant that the contract was effectively an off-balance-sheet transaction; it did not go through the Saudi Treasury. Edwards also confirmed that one of the main attractions for the Saudis in this unique arrangement was British flexibility. 'The British were much more flexible than the Americans,' he said. 'The Americans went through the Foreign Military sales system, which has congressional law behind it. If the customers get out of

line and they fail to pay the money, then they are cut off. In this country, it was quite flexible; sometimes the oil flow and the associated monies that were received by selling it were ahead, at other times it fell behind.”

Simpson continued, “The phenomenal amount of money generated from the sale of oil comes through DESO, before being paid to British Aerospace. Edwards admitted that the government does charge a little commission for administering the contract, money that attracted the attention of the Treasury as it built up a considerable surplus.”

Then, the real story: “Al Yamamah would become a back-door method of covertly buying U.S. arms for the Kingdom; military hardware purchases that would not be visible to Congress. . . . Although Al Yamamah constitutes a highly unconventional way of doing business, its lucrative spin-offs are the by-product of a wholly political objective: a Saudi political objective and a British political objective. Al Yamamah is, first and foremost, a political contract. Negotiated at the height of the Cold War, its unique structure has enabled the Saudis to purchase weapons from around the globe to fund the fight against Communism. Al Yamamah money can be found in the clandestine purchase of Russian ordnance used in the expulsion of Qaddafi’s troops from Chad. It can also be traded for arms bought from Egypt and other countries, and sent to the Mujahideen in Afghanistan fighting the Soviet occupying forces.”

As the Equatorial Guinea coup-plot shows, well after the fall of the Soviet Union, Al-Yamamah continued to exist. According to one senior U.S. intelligence official who has looked into the Anglo-Saudi scheme, “Al-Yamamah is the biggest covert intelligence program in recorded history. The amount of off-balance-sheet money is staggering.”

### **Bandar and the U.S. Justice Department**

One of the most important features of the *Frontline* documentary was the interview segments aired with Mark Mendelsohn, the top U.S. Department of Justice prosecutor in the Foreign Corrupt Practices Act section, the man in charge of the DOJ’s probe of the Al-Yamamah bribes to Prince Bandar. For more than a year, the U.S. has been investigating the specific allegations that Bandar received billions of dollars in bribes, conduited through the Saudi Embassy accounts at Riggs National Bank, now defunct. Under the terms of the Foreign Corrupt Practices Act (FCPA), the U.S. has jurisdiction

to probe and prosecute companies and individuals that engage in bribery on U.S. soil.

During the final months of the Bush Administration, DOJ officials traveled to London, in a failed effort to reach a civil settlement with BAE, that would have ended the U.S. probe *before Bush left office*. It is widely known that Prince Bandar’s ties to the Bush family run so deep that he has often referred to himself as an honorary member of the Bush clan.

Mendelsohn made clear, in his on-camera interview with *Frontline* producer Lowell Bergman, that the Bandar-BAE probe is alive and well at Justice. And this carries potentially dramatic implications.

Sources close to the Justice Department have confirmed that the key to the entire BAE Al-Yamamah bribery probe is the voluminous documentation, provided initially to the British Serious Fraud Office (SFO), by Peter Gardiner, a travel agent who facilitated many of the BAE payoffs to top Saudi officials—including Bandar. “Gardiner kept meticulous records,” a Washington source told *EIR* on condition of anonymity. “When he walked in to the SFO, they were skeptical about his charges, but he just overwhelmed them with his detailed accounts of every expenditure. It was staggering, the amount of money that BAE paid off to the Saudis.”

Gardiner gave a rare on-camera interview to *Frontline*, detailing such payoffs as Bentley luxury cars, the marriage and honeymoon of the children of Prince Turki bin-Nasser and Prince Bandar, and a European Airbus, provided by BAE to Bandar for his personal use. Moreover, Gardiner traveled secretly to Washington last year, to deliver testimony and documents to Mendelsohn’s team.

### **Bandar and 9/11**

Sources close to the Department of Justice have emphasized that, under the FCPA, it is unlikely that Prince Bandar, the recipient of the BAE bribes, could be criminally prosecuted. However, were the Department of Justice to extend its probe to the issue of money laundering, it could shed important light on events surrounding the 9/11 attacks.

In the June 29, 2007 issue of *EIR*, this author reported:

“Between April 1998 and May 2002, some \$51-73,000 in checks and cashier’s checks were provided by the Saudi Ambassador to the United States and his wife to two families in southern California, who in turn



FEMA/Michael Rieger

*The scene at New York's World Trade Center, Sept. 18, 2001. "The Al-Yamamah investigation directly implicates some leading participants in the financing of the Sept. 11, 2001 terrorist attacks on the World Trade Center and the Pentagon."*

bankrolled at least two of the 9/11 hijackers. The story was investigated by the 9/11 Commission, but never fully resolved, and remains, to this day, one of the key unanswered questions concerning the backing for the worst terrorist attack ever to occur on U.S. soil.

"According to numerous news accounts and the records of the 9/11 Commission, in April 1998, a Saudi national named Osama Basnan wrote to the Saudi Embassy in Washington, D.C., seeking help for his wife, Majeda Dweikat, who needed surgery for a thyroid condition. Prince Bandar bin-Sultan, the Saudi Ambassador, wrote a check for \$15,000 to Basnan. Beginning in December 1999, Princess Haifa, the wife of Prince Bandar, began sending regular monthly cashier checks to Majeda Dweikat, in amounts ranging from \$2,000 to \$3,500. Many of these checks were signed over to Manal Bajadr, the wife of Omar al-Bayoumi, another Saudi living in the San Diego area.

"Around New Year's Day 2000, two other Saudi nationals, Nawaf Alhazmi and Khalid Almihdhar, arrived at Los Angeles International Airport, where they were greeted by al-Bayoumi, provided with cash, and outfitted with an apartment, Social Security ID cards, and

other financial assistance. Al-Bayoumi helped the two Saudi men to enroll in flight schools in Florida. Two months before the Sept. 11, 2001 attacks, al-Bayoumi moved to England, and shortly after that, he disappeared altogether. But before his disappearance, and within days of the 9/11 attacks, agents of New Scotland Yard, working in conjunction with the FBI, raided his apartment in England and found papers hidden beneath the floorboards, according to *Newsweek* magazine, that had the phone numbers of several officials at the Saudi Embassy in Washington. Al-Bayoumi was suspected by the Arab community in the San Diego area of being an agent of Saudi intelligence, which kept tabs on Saudi residents in the area, particularly Saudi students attending college in southern California.

"Sources have told *EIR* researchers that Basnan was also long suspected of being an agent for Saudi Arabia's foreign intelligence service. According to the sources, Basnan was arrested for drug possession in southern California and the Saudi government intervened to get the charges dropped; Basnan also befriended Alhazmi and Almihdhar prior to their deaths on American Airlines Flight 77, which crashed into the Pentagon. At one point, the Basnans, the al-Bayoumis, and the two 9/11 hijackers all lived at the Parkwood Apartments in San Diego.

"Prince Bandar and Princess Haifa denied they played any role in financing the 9/11 hijackers, and claimed that they were merely providing charitable assistance to the Saudi community in the United States. The co-chairs of the Senate Intelligence Committee at the time, Robert Graham (D-Fla.) and Richard Shelby (R-Ala.), accused the FBI of failing to fully pursue this '9/11 money trail.' Sources told *EIR* that the FBI refused to allow the committee to interview the FBI investigators who had probed the Basnan and al-Bayoumi links.

"While Congressional and law enforcement sources

insist to *EIR* investigators that all available leads were pursued and no compelling evidence of Saudi involvement in 9/11 was established, other U.S. intelligence sources maintain that many fruitful areas of investigation simply reached dead-ends before any final conclusions could be drawn. And these sources report that some of the Al-Yamamah funds, including some funds that passed through the Riggs Bank accounts in Washington, financed a migration of Muslim Brotherhood members to the United States, throughout the 1980s and 1990s. That hardly constitutes a smoking gun, these sources emphasize, but raises serious unanswered questions, particularly in light of the fact that the official staff reports of the 9/11 Commission featured a detailed debriefing of Khaled Sheikh Mohammed, the purported mastermind of the Sept. 11 attacks, who admitted that he had been a member of the Muslim Brotherhood since he was 16 years old.”

Since the publication of that *EIR* exclusive, new details have emerged, which beg for answers. The San Diego apartment where 9/11 hijackers Alhazmi and Almihdhar lived, was rented by an FBI informant, who received a reported \$3,500 per month from the Bureau for keeping tabs on the local Muslim community, according to one U.S. intelligence source interviewed recently by *EIR*. The fact that two of the 9/11 hijackers lived under the same roof as an FBI snitch is still a source of great internal turmoil at the FBI, according to the source.

And this has also created a tremendous backlash against former FBI Director Louis Freeh, who is now the attorney for Prince Bandar, as the latter tries to clear his name of any wrongdoing in the Al Yamamah and 9/11 affairs. Freeh, who was FBI Director at the time of the 9/11 attack, and resigned soon afterwards, appeared on the *Frontline* broadcast, to vociferously defend his client against any charges of wrongdoing. According to one source close to the BAE probe, Bandar hired Freeh to be his personal attorney, long before his name surfaced in the Al Yamamah context. “What is certain,” one Washington source with detailed knowledge of the 9/11 probe told *EIR*, “is that there are a whole lot of current and former FBI agents who are furious at Louis Freeh, for his efforts to whitewash Prince Bandar.”

With a new Attorney General, Eric Holder, who has already moved to clean up some of the corruption within the Department of Justice, the story of Al Yamamah, Prince Bandar and 9/11 is far from over.

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## Europe

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# Industry Shuts Down, Unemployment Soars

by Our Wiesbaden Bureau

April 8—The dramatic decline of the real economy in Europe is much worse than the crisis in the financial world, which only involves worthless paper. The accelerating collapse in Germany and elsewhere shows that money-pumping and consumer-oriented crisis packages are unable to cope with the collapse. The Berlin government’s “scrapping bonus”—which is supposed to stimulate the auto sector by paying people EU2,500 for each used car they turn in, to buy a new one—has not compensated for the collapse of export markets. Now the long neglect of the “forgotten economy,” namely the productive sectors and infrastructure, is hitting us all hard.

Although the German machine-building sector is in the worst crisis in living memory, this was of no interest to the participants in the April 2 G20 Summit, who were obsessed with saving the current world financial system, even at the price of hyperinflation. The German Machine-Building Association, VDMA, announced on April 1, that in February, for the third month in a row, new orders had declined by more than 40% compared to the same month of the previous year. Orders plunged by 49% in February, with an average of 44% for December, January, and February.

And that is really only the average: For example, producers of machines for wood-cutting, the iron and steel industry, and the automobile industry reported declines of 70% and more in February, year-on-year. The VDMA’s forecast, that 2009 will see a net 20% in drop production, is thus a trifle over-optimistic. Nobody knows what the global financial crisis will bring, said the VDMA’s Olaf Wortmann. Already 10% of the machine-building workforce of 976,000 is working reduced hours.

### Auto in Free Fall

German automotive exports collapsed 38% in the first quarter of 2009. This is particularly alarming

since three out of four automobiles manufactured in Germany were previously being exported. Now the future of auto production in Germany—which in 2008 was about 6 million vehicles—is anything but certain, and that also goes for employment in the sector. Reduced work schedules, announced by almost all the car producers, will be maintained through the rest of the year, and the Summer months will bring the first layoffs. It does not bode well for Opel, that the government's task force on solving the problem is to be led by Jörg Asmussen, the Finance Ministry's "Mr. Bank Bailout," assisted by Lazard Frères. This implies that Opel will be given the GM treatment.

But it's not only production of personal autos that is collapsing; the commercial vehicle sector is being hit even harder, where there has been a 61-68% downturn, depending on category of vehicle, from last March to this. Daimler-Benz has already announced that it wants to continue reduced working hours through June, and is seeking further deep cuts in wages and expenditures. March 2009 was the first month since 1928 in which there was no Springtime rise in the number of jobs in Germany, but rather, an increase in unemployment.

### **The Eurozone: Boom to Bust**

Related to the worsening situation of the auto producers, the Arcelor-Mittal steel company announced that it will cut its production in Europe by 50%. The blast furnaces in Liège (Belgium) and Florange (France), which have been closed for two months, will not reopen, and others, such as in Eisenhüttenstadt (Germany), will be closed too.

In Spain, the economic collapse is also accelerating. March was Spain's worst month in recent history, with 123,000 jobs lost, raising the official unemployment rate to more than 15%. One of the reasons is the 20% decline in industrial production, particularly in construction, but also in the auto sector. In February alone, Spain reported 75% of the newly unemployed in the entire Eurozone.



IG Metall

*Workers from the IG Metall union in the German state of Thüringia demonstrate against the impending bankruptcy of auto-parts supplier Dagro, March 3, 2009.*

The boom in construction and real estate had employed many young Spaniards who lacked vocational training. That amounts to a third of all Spaniards under 25 years of age, who are having a hard time finding work ever since the real estate bubble collapsed. Many of them are being forced to search for work outside their country. (The same is true in Ireland, where many young people have been emigrating to find jobs since the Dublin bubble burst.) Out of 3.6 million registered unemployed in Spain, no fewer than 900,000 lack any state assistance, since they are not covered by any social safety-net.

The low-wage countries are particularly hard hit. Ukrainian President Victor Yushchenko accused Prime Minister Yulia Timoshenko of concealing the fact that the country's GDP had fallen 30% in January and February, year-on-year. The London *Financial Times* reported that unemployment there had doubled in recent months. Timoshenko opposes the budget cuts that the International Monetary Fund is demanding, which would only make the situation worse, but which is the condition for IMF financial assistance—a foretaste of what the entire world faces, if the role of the IMF is expanded, as the London G20 Summit decided to do.

## Deepest Solar Minimum In Nearly a Century

by Gregory Murphy and Laurence Hecht

*The authors are editors of 21st Century Science & Technology magazine.*

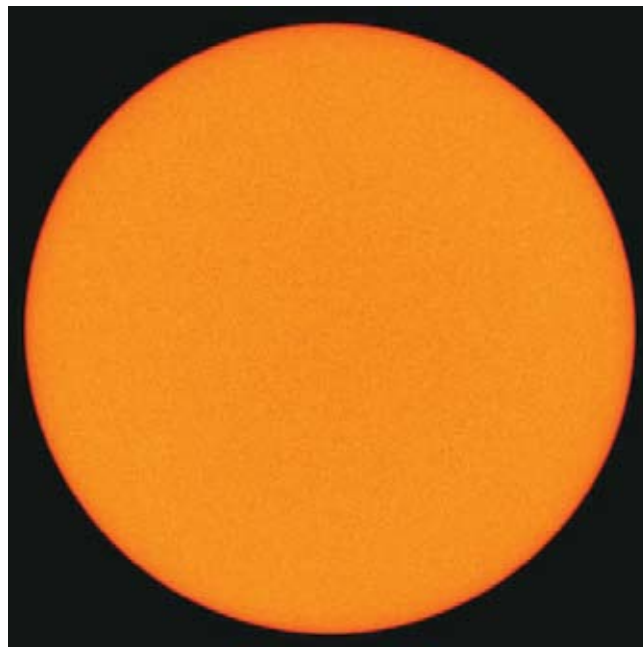
April 9—A continued low in solar activity, as measured by the appearance of irregularities on the Sun's surface known as sunspots, may be responsible for the recent phase of cooling experienced in many parts of the Northern Hemisphere. In the opinion of many specialists, the downturn in solar activity likely marks the beginning of a prolonged cooling period.

The expected cooling will produce many hardships for a human population already stressed by a prolonged downturn in global physical-economic productive capability. But the bright side may be that such bloated windbags as Al Gore and his leaner companion James Hansen, who have led Royal Consort Prince Philip's genocidal global warming promotion, will finally be silenced.

For students of the Sun, the length of the solar cycle, which lasts an average of 11 years but may go longer or shorter, has proven the best historical indicator of short-term climate. At the ends of these solar cycles, sunspot activity first declines, and then picks up markedly, indicating the beginning of a new cycle. The precise relationship between the sunspots, which are thought to be determined by magnetic activity within the Sun, and the energy output of the Sun, is not known. However, long-term studies of the historical record have shown that when the minima in sunspot activity extend beyond the average 11 years, significant declines in temperatures on Earth are experienced. Regular records of sunspot activity go back to the 17th Century.

The current solar cycle, numbered 23, began in 1996, and was expected to reach minimum and transition to solar cycle 24 in January 2007.

It did not. Instead, a prolonged period of excessively



SOHO/MDI

*Daily Sun, April 9, 2009: No sunspots.*

low solar activity has continued to this moment. In 2008, there were no sunspots observed on 266 of the year's 366 days (73%). "To find a year with more blank suns, you have to go all the way back to 1913," NASA reported in a press release. Since the beginning of the current year, sunspot counts have dropped even lower: As of April 9, there were no sunspots on 89 of the year's 99 days (90%).

### The Schwabe Cycle

The approximately 11-year, or Schwabe cycle, was discovered in the mid-1800s by Heinrich Schwabe, a German astronomer and collaborator of Alexander von Humboldt. Schwabe saw that peaks of solar activity were always followed by valleys of relative calm—a pattern that has held true for more than 200 years. The association between longer solar cycles and cooler climate was first demonstrated in 1991 by two Danish researchers, Egil Friis-Christensen, the director of the Danish Space Center, and Knud Lassen, a solar scientist at the Center, in a paper published in *Science*.

Other researchers, including the Australian geologist David Archibald, have confirmed this relationship, and have also found that for every one-year increase in solar cycle length, there is a 0.5° Celsius decline in sur-



face air temperature during the following cycle. Archibald points out that the end of the current solar minimum associated with solar cycle 23 could occur in July 2009, but may continue until January 2010, which agrees with NASA's latest estimate. This means that solar cycle 23 will be 13 years in length and, using the relationship that Archibald found, there would likely be a 1.0-1.5°C (1.8-2.7°F) decline in temperature over the next solar cycle. This possible temperature decrease may not sound like much, but it is twice as large as the 0.6°C increase in average global temperature during the 20th Century. (That small average warming trend was already eliminated by the cooling that occurred in the decade after 1998.)

During the last Little Ice Age, which lasted from the 14th to the 19th centuries, a period of prolonged cold known as the Dalton Minimum (1796-1824), began with a solar cycle that lasted for 13.6 years. That solar cycle, numbered 4, was then followed by two very inactive solar cycles. During this time period, there were reports of wide-scale crop failures and food shortages. If similar conditions occur after this present, ongoing, deep solar minimum, and there is a large drop in temperature due to an inactive Sun, the world could see further stress on the food supply. Areas that had become available for growing food during the recent short period of warming, may become too cold again to grow food over the next two cycles.

### **The Russian Forecasts**

The continued solar inactivity is consistent with forecasts from Russia's Pulkovo Observatory in St. Petersburg, over more than a year. On Jan. 22, 2008 senior scientist Khabibullo Abdusamatov, head of the Space Research Lab at the Pulkovo Observatory, said in an interview with RIA Novosti that, "temperatures on Earth have stabilized in the past decade, and the planet should brace itself for a new Ice Age rather than global warming."

Abdusamatov warned correctly, at the beginning of 2008, that global temperatures would drop slightly that year, rather than rise, due to unprecedentedly low solar radiation in the past 30 years, and would continue decreasing, even if industrial emissions of carbon dioxide reach record levels. According to Abdusamatov's 2008 forecast, "By 2041, solar activity will reach its minimum according to a 200-year cycle, and a deep

cooling period will hit the Earth approximately in 2055-60. It will last for about 45-65 years and by mid-21st Century, the planet will face another Little Ice Age."

Belittling the global warming scare, Abdusamatov pointed out, "According to scientists, the concentration of carbon dioxide in the Earth's atmosphere has risen more than 4% in the past decade—but global warming has practically stopped. Had global temperatures directly responded to concentrations of greenhouse gases in the atmosphere, they would have risen by at least 0.1°C in the past ten years—however, it never happened."

Over a century of climatological studies has demonstrated that longer-term climate is driven by changes in the Earth's orbital relationship to the Sun. Over the past 2 million years, cycles in orbital parameters lasting 20,000, 40,000, and 100,000 years have combined to produce glaciations lasting from 100,000 to 200,000 years over the Northern Hemisphere. The last glacial advance, which ended approximately 12,000 years ago, covered North America, down to the latitude of New York and Chicago, with a blanket of ice estimated to be 1 to 2 miles thick.

The present Earth-Sun orbital relationship is such that the onset of a new glaciation is to be expected at any time soon. The Earth, indeed, has been in a prolonged cooling since the Holocene climatic optimum of 3000 B.C. A descent into a new Little Ice Age, triggered by such short-term variations in sunspot activity as are reported here, is thus a scientific likelihood. For a variety of reasons, the increase in carbon dioxide from human industrial activity has not been able to change the direction of climate dictated by the Sun's output of energy. Carbon dioxide has been much exaggerated as a greenhouse gas. It is not out of the question that the coming Little Ice Age will mark the beginning of a prolonged period of continental glaciation such as the Earth experienced for the 100,000 years prior to the beginning of our current interglacial, about 12,000 to 14,000 years ago.

The immediate possibility of cooling over the next two decades is going to add more challenges in the face of the onrushing global economic crisis. But it is also in times of crisis, that mankind's gift of creativity is of the greatest importance. When mankind uses its creativity, there is no problem or challenge so great that it cannot be solved.

## Editorial

### Ghost: ‘Swear!’

The Ghost on today’s Depression stage is Ferdinand Pecora, 1938 author of *Wall Street Under Oath*, which described how, in 1933, he exposed to the entire nation, who on Wall Street had run the country into the Great Depression, and how. Pecora skewered the “banksters” in front of the Senate Banking Committee for a full year. Everyone aware of this history, and what it meant for the huge public support of President Franklin Roosevelt’s New Deal, knows that new “Pecora hearings” are overdue from Congress now.

The first evocation came from economist and statesman Lyndon LaRouche, founding editor of this magazine, with his early December 2008 call for a “new Pecora Commission.” By early February, historian Ron Chernow (*The House of Morgan*) and others had followed with calls of their own. On Feb. 4, Sen. Richard Shelby of Alabama, senior Republican on the Senate Banking Committee, shook up a hearing of that Committee, with a long and detailed proposal for the “new Pecora hearings” it must hold.

Two months and 5 million layoffs later, with public anger waxing hot against both Wall Street and Capitol Hill, additional members of Congress are demanding a “Pecora Commission”—with subpoena power to make the financial CEOs, the regulators, and key government officials “swear to tell the truth.”

Sen. Byron Dorgan (D-N.D.), holding up Pecora’s picture on the Senate floor on April 8, made an attempt with Sen. John McCain (R-Ariz.) to form a Senate Select Committee to investigate the causes of the financial collapse. Sen. Bernie Sanders (I-Vt.) called for new Pecora hearings, while moving with Sen. James Webb (D-Va.) on April 7, to try to force the Federal Reserve to reveal the names and performance of banks to which it is lending trillions. “Pecora hearings” were also proposed on April 6 by Rep. John B. Larson (D-Conn.), chairman of the House Democratic Caucus.

Out in the country, the demands for powerful hearings to investigate the “banksters” have become

a drumbeat. Notable was St. Louis University Prof. William K. Black, formerly chief Federal regulator investigating the S&L bank scandals of the 1980s. Black teamed up with television journalist and former White House official Bill Moyers, in a full outline of “new Pecora hearings” on April 9; Black named specific Federal laws being broken by officials refusing to put the likes of AIG and Citibank into receivership.

Even the chairman of the congressionally created Oversight Panel for the so-called TARP \$700 billion bank bailout scheme, Harvard Law Prof. Elizabeth Warren, called for Pecora-style hearings while delivering its report April 9.

But the Nancy Pelosi-Barney Frank Democratic leadership in Congress—with Senate Banking Committee chairman Christopher Dodd playing the self-destroying Hamlet in this case—has still refused to investigate. Congress, which investigates the fall of any sparrow with at least two or three hearings, has still not managed to organize an investigation of what, and who, brought on the worst financial blow-out in this nation’s history!

The cause of this failure, in the face of the obvious need of a “Pecora investigation” outlined by LaRouche five months ago—even in the face of multiplying demands from both Houses of Congress—could only be that some Congressional leaders, such as Wall Street’s Senator Dodd, would quickly expect to join the *targets* of the investigation.

“Which brings us to Larry Summers,” as Bill Moyers wrote. President Obama’s chief economic advisor was key in the 1999-2000 wing-ding deregulations which ran us into this economic ditch.

So, whereas in 1933, Ferdinand Pecora’s hearings roused up the nation for real recovery actions, today, it is the very lack of them which is riling up populist rage. Congress had better junk Senator Dodd’s Hamlet-like inactivity, hire a “new Pecora,” and “Swear!”

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- ST. CLOUD CH Ch.12: Mon 6 pm
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- WASHINGTON COUNTY (South) CC Ch.14: Thu 8 pm

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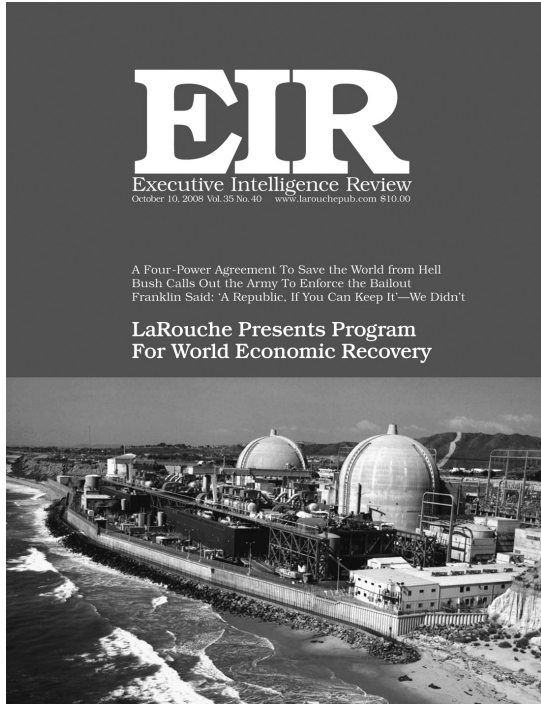
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