

Ancient Troy Sparks New Debates on History War on Iraq Will Not Be Desert Storm II First Moves Made Against Israeli Spies Threat

LaRouche on the Steel Tariff: 'Fair Trade' As a Phase-Shift



A LaRouche in 2004 Special Report

Zbigniew Brzezinski and September 11th

A Special Report featuring Lyndon LaRouche's analysis of September 11th as an attempted coup d'état against the government of the United States, intended to bring about the 'Clash of Civilizations' central to the world-imperialist thrust of the circles of Zbignew Brzezinski and Samuel P. Huntington.

INCLUDES:

- By LaRouche: Jan. 24, 2002 webcast, "And Now, A Year Later"; "Continue the American Revolution!"; "Zbigniew Brzezinski and September 11th";
- Dossiers on the theoreticians of the Clash of Civilizations; the principal think-tanks and foundations gunning for global war; the "Mega" apparatus of Israeli spies and agents of influence;
- Appendices: H.G. Wells' The Open Conspiracy; Henry Kissinger's 1982 Chatham House speech; "The Enigma of the Fulbright Memorandum"; and a speech by Egyptian Maj. Gen. (ret.) Dr. Mahmoud Khalaf, on the events of Sept. 11.



Suggested \$100
February 2002 L04SP-2002-1

LA ROUCHE

Toll-free 1-800-929-7566 Leesburg, VA 703-777-9451 or, toll-free, 1-888-347-3258 Northern Virginia 703-779-2150 Washington, D.C. 202-544-7087 Philadelphia, PA 610-734-7080 Pittsburgh, PA 412-884-3590

For more information, call:

Baltimore, MD 410-247-4200 Norfolk, VA 757-531-2295 Houston, TX 713-541-2907 Chicago, IL 312-335-6100 Flint, MI 810-232-2449 Minneapolis, MN 763-591-9329 Lincoln, NE 402-946-3981

Mt. Vernon, SD 605-996-7022

Phoenix AZ 602-992-3276 Los Angeles, CA 323-259-1860 San Leandro, CA 510-352-3970 Seattle, WA 425-488-1045 Ridgefield Park, NJ 201-641-8858 Boston, MA 781-380-4000 Buffalo, NY 716-873-0651 Montreal, Canada 514-855-1699 CALL TOLL FREE: 1-800-929-7566

ON THE WEB:

www.larouchein2004.com

WRITE:

LaRouche in 2004
P.O. Box 730 Leesburg, VA
20178

Paid for by LaRouche in 2004. Contributions are not tax-deductible

Founder and Contributing Editor: Lyndon H. LaRouche, Jr.

Editorial Board: Lyndon H. LaRouche, Jr., Muriel Mirak-Weissbach, Antony Papert, Gerald Rose, Dennis Small, Edward Spannaus, Nancy Spannaus, Jeffrey Steinberg, William Wertz

Editor: Paul Gallagher

Associate Editors: Ronald Kokinda, Susan Welsh

Managing Editor: John Sigerson Science Editor: Marjorie Mazel Hecht Special Projects: Mark Burdman Book Editor: Katherine Notley Photo Editor: Stuart Lewis Circulation Manager: Stanley Ezrol

INTELLIGENCE DIRECTORS:

Counterintelligence: Jeffrey Steinberg,

Michele Steinberg

Economics: Marcia Merry Baker,

Lothar Komp

History: Anion Chaitkin Ibero-America: Dennis Small Law: Edward Spannaus Russia and Eastern Europe:

Rachel Douglas

United States: Debra Freeman, Suzanne Rose

INTERNATIONAL BUREAUS:

Bogotá: Javier Almario Berlin: Rainer Apel Buenos Aires: Gerardo Terán Caracas: David Ramonet Copenhagen: Poul Rasmussen Houston: Harley Schlanger Lima: Sara Madueño Melbourne: Robert Barwick

Mexico City: Marivilia Carrasco, Rubén Cota

Meza

Milan: Leonardo Servadio New Delhi: Ramtanu Maitra Paris: Christine Bierre Rio de Janeiro: Silvia Palacios Stockholm: Michael Ericson

United Nations, N.Y.C.: Leni Rubinstein Washington, D.C.: William Jones

Washington, D.C.: William Jo Wiesbaden: Göran Haglund

EIR (ISSN 0273-6314) is published weekly (50 issues) except for the second week of July and the last week of December, by EIR News Service Inc., 317 Pennsylvania Ave., S.E., 3rd Floor, Washington, DC 20003. (202) 396-0398. For subscriptions: (703) 777-9451, or tollfree, 888-EIR-3258.

World Wide Web site: http://www.larouchepub.com e-mail: eirns@larouchepub.com

European Headquarters: Executive Intelligence Review Nachrichtenagentur GmbH, Postfach 2308, D-65013 Wiesbaden, Bahnstrasse 9-A, D-65205, Wiesbaden, Federal Republic of Germany Tel: 49-611-73650. Homepage: http://www.eirna.com E-mail: eirna@eirna.com Executive Directors: Anno Hellenbroich, Michael Liebig

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

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

Japan subscription sales: O.T.O. Research Corporation, Takeuchi Bldg., 1-34-12 Takatanobaba, Shinjuku-Ku, Tokyo 160. Tel: (03) 3208-7821.

Copyright © 2002 EIR News Service. All rights reserved. Reproduction in whole or in part without permission strictly prohibited. Periodicals postage paid at Washington D.C., and at an additional mailing offices. Domestic subscriptions: 3 months—\$125, 6 months—\$225,

1 year—\$396, Single issue—\$10

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



From the Associate Editor

The American population is currently being bombarded with psychological warfare propaganda, by the "spin-masters" inside the Washington Beltway, of a scale that is impossible to exaggerate. The result is a widespread schizophrenia that can only be countered with massive doses the truth—through the most rapid possible building of a mass political movement behind Lyndon LaRouche.

This magazine, with special emphasis on LaRouche's article, "'Fair Trade' As a Phase-Shift," is your best defense against the insanity of your fellow citizens. But the "medicine" only works, if you spead the word, share it with others, that we might save the world from the catastrophic fate which otherwise certainly awaits it.

In a March 19 memorandum to his associates, LaRouche identified four leading features of the present delusional state of the overwhelming majority of the U.S. population, at virtually all levels, inside or outside government: "1) The fear of the ongoing collapse of the economy, as contrasted with a wishful clinging to shards of the delusion that a recovery is in progress. 2) The delusion that some faraway agency, such as Osama bin Laden, 'absolutely must have' caused the relevant events of Sept. 11th, when, in fact, no government has yet ever presented a piece of evidence pointing to that delusional conclusion. 3) The delusion that the present U.S. government, is awesomely powerful, and, therefore, 'must know what it is doing.' 4) The delusion that President Bush either knows, or is capable of understanding, what is really happening to him and his government."

In this issue, we provide you with news analysis to see through these delusions, including reports in *Economics* on the growing new debt bubble heading for a bust, and on Wall Street's demand that Japan shut down what remains of its industrial economy; and in *International*, where we demolish the fraud that a war on Iraq would be some kind of cakewalk, a replay of the 1991 Operation Desert Storm.

LaRouche concludes his memorandum by advising his associates: "When you are assigned to work as a psychiatrist in a mental hospital, don't try to behave like just another one of the patients." That's good advice for all of our readers, as well.

Susan Welsh

EIRContents

Cover This Week

An insubordinate Treasury Secretary Paul O'Neill (left) repudiated President Bush's steel tariff, in a speech to the New York Council on Foreign Relations. Bush had better listen to LaRouche (right), instead.



14 'Fair Trade' As a Phase-Shift

By Lyndon H. LaRouche, Jr. President Bush's announcement of a new steel tariff has created an uproar internationally—but neither side of the debate really understands the fundamental issues involved. "The proper question to be asked," LaRouche writes, "is: What is the effect, from the standpoint of physical geometry, on every part of an economy, of a shift from a 'free trade' to a 'fair trade' policy, and vice versa?"

Photo and graphics credits: Cover (Bush and O'Neill), page 16, Department of the Treasury. Cover (LaRouche), pages 5, 15 (LaRouche), 32, 34, EIRNS/Stuart Lewis. Page 7, US Navy Photo/Lolita D. Swain. Page 15, (Houston), Brown & Root Public Relations Department. Page 26, EIRNS/Christopher Lewis. Page 27, EIRNS/Mitch Bjerke. Pages 35, 54, www.arttoday.com. Page 36, EIRNS/Andrew Spannaus. Page 39, U.S. Army Photo. Page 43, U.S. Department of Defense/Helene C. Stikkel. Page 49, Sri Lankan Prime Minister's website. Page 51, www.bundesaustellungen.de. Pages 52, 57, EIRNS/Dean Andromidas. Page 53, Troy Project/Tübingen. Page 61, Justice for Jonathan Pollard website. Pages 67, 68, Library of Congress.

Economics

- 4 IMF, Quietly, Not Too Hopeful on 'Recovery' Reports from both the Fund and the Federal Reserve show a rapidly growing new debt bubble heading toward bust.
- 6 Steel Tariffs Spark Revolts from the WTO
- 7 Wall St. Wants 'Korean Shock Therapy' in Japan
- 9 Smear Campaign Targets LaRouche and Col. Seineldín in Argentina
- 10 City of London, IMF Threaten Argentina
- 11 Germans Sweat to Finish Chinese Maglev Project
- 12 China Prepares for Manned Space Flight
- 13 Germany: 'An Inch' as Good as a Mile on Embryo Research

International

38 The Coming War on Iraq Will Not Be Desert Storm II

Those who are pushing for war against Iraq are ignoring the fundamental fact, that the world economic-financial situation, the political dynamic, and the psychological condition of the peoples involved, is completely different from what it was 12 years ago.

- 42 Will 'Teflon Tony' Go Before Iraq War Begins?
- 44 Will Queen Liz's 'Jubilee' Be Endgame for Windsors?
- 45 Cheminade Targetted in French Election Crisis
- 47 Colombian Voters Throw Over Narco-Capitulators
- 48 Sri Lanka: Tamil Tigers, Colombo Search For Peace

History

50 War Breaks Out Again Over Troy, and the Truth of History

Germany's University of Tübingen was the scene of a heated debate between the team of archeologists excavating the ruins of ancient Troy, and others who dispute their findings. As in the many scholarly battles over Troy for hundreds of years, the eternal works of the poet Homer are at the center of the controversy.

55 With New Methods, Troy Is Being Taught To Speak An interview with Dr. Manfred Korfmann.

National

60 Administration Makes First Moves Against Israeli Spies

The Bush Administration is closing some of the most egregious loopholes, that have facilitated Israeli penetration of American national security institutions at the highest levels.

- 63 States Facing Budget Blowouts Move To Dismantle Medicaid, Medicare Protection
- 65 Spannaus To Virginia: End 'Reign of Error'
- 66 D.C. General Land-Grab Insults the City and the Founding Fathers
- 70 Congressional Closeup

Interviews

55 Dr. Manfred Korfmann

Professor of Archeology at the University of Tübingen, Germany, Dr. Korfmann heads an international team that is excavating the ruins of ancient Troy. He is the scientific director of the exhibition "Troy: Dream and Reality," which has drawn hundreds of thousands of visitors and the attention of all Germany.

Departments

72 Editorial

Again, the "Grasso Abrazo."

EREconomics

IMF, Quietly, Is Not Overly Optimistic on the 'Recovery'

by Lothar Komp

The predominant thinking on the world financial market is like that of children, remarked a London financial expert on March 20, surveying the seizing of the straws of "recovery" in the United States, and even in Europe. After all the shocks over the last two years, investors fixate on any sliver of "good news," regardless of where it comes from. They have been crying out with such passion about the coming "recovery," that they can be emotionally manipulated with the silliest of statistical tricks.

However, they are in no way ready for the oncoming financial and economic shocks, brought on by, for example, the enormous rise in the oil price, which would result from the proposed attack on Iraq. As a result of their irrational "mind-set," they will subsequently go about "losing lots more money."

One example of the statistical confetti by which consumers and investors are being distracted, is the data from the Gross National Product (GNP) of the United States. Although investment into the U.S. private sector has been stripped, the statisticians at the Commerce Department have managed, with the help of "deflation factors," to squeeze out a 0.2% growth for the fourth quarter of 2001. To do this, however, they had to, among other things, state that twice as many computers were sold to businesses and households as there were actual hardware sets purchased.

The logic behind this strange addition is as follows: Computers in 2001 cost about what they cost in 1995; however, they are more capable and efficient. By way of "hedonic" computational methods, this was justification not to report the *actual* expenditures on computers, but instead, a multiple of that number. This was done, even though the producers and sellers of computers will never see the extra money resulting

from their more capable computers, and so this is a pure fiction.

The Commerce Department has recently recalculated the GDP, and at the end of February, it reported a 1.4% increase for the fourth quarter of 2001. In the meantime, leading investment banks are overestimating their growth projections for the first quarter of 2002. After some banks had been projecting growth in the area of 4% and 5%, Merrill Lynch went one better than the rest, by reporting a superb 6% growth, based on the total year's estimate.

The Central Banks' Quandary

In light of this breakout of euphoria, central banks find themselves in a quandary. On the one hand, just as before, they are unwilling to admit (although they know better) the systemic character of the global financial and economic crisis, as economist and Presidential candidate Lyndon LaRouche has identified this. On the other hand, they cannot afford to continue to drive this irrational optimism in the finance markets, because they are creating a new bubble, soon to collapse.

The International Monetary Fund on May 14 offered one impressive example of the schizophrenia at the top of world's financial institutions. While IMF chief Horst Köhler spoke of the coming worldwide boom, the IMF, on the same day in Washington, released Köhler's "Report on the Stability of the Global Financial System," which says something completely different. The report points to the unparalled series of financial and economic catastrophes that have taken place in the course of the past few months: the "continuing deflation of the telecom, media and technology bubble across global markets; the onset of a recession in the United States amid a synchronized global slowdown; a financial crisis in Turkey; the terror-

4 Economics EIR March 29, 2002

ist attacks on Sept. 11; the record number of bankruptcies; and the default of Argentina."

The financial system was being "put to the test," the report acknowledged, and contrary to the hopes spread worldwide, there will be a "muted worldwide recovery." For this reason, the "not unforeseeable" possibility exists, that a "chasm between the expectations of the financial markets and the actual economic results" will yawn.

This would then "exacerbate the financial imbalances and some of the underlying weakness in the financial sector," and would "erode the still fragile business and consumer confidence."

The IMF foresees trouble because of the extreme debt in certain sectors. "First, downward asset price adjustment and further deterioration in credit quality could weaken balance sheets of corporations, households, and financial institutions in the major industrial countries.... Second, a subdued recovery would put further pressure on banks' profitability. These developments could become worrisome in light of the fact that present levels of indebtedness in the major industrial countries, both in the corporate and the household sectors, are high. Their debt servicing burden is also high relative to current income."

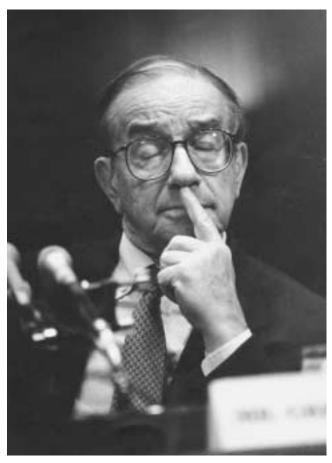
Köhler's report stresses, in particular, the huge amount of loans outstanding to the telecom sector, and to "institutions engaging in credit derivative business."

Even the Bank for International Settlement (BIS) in Basel, Switzerland found it necessary to warn of worldwide financial shocks. In their quarterly report published on March 11, on developments in the international banking and finance sectors, the BIS emphasized that stock market increases contrasted to "the disappointing news of the world economy from the view of traditional indicators;" in plain terms, that profits continue to sink. The average price-profit relationship of a business on the S&P 500 Index in January 2002 is "higher than its position at the height of the market boom in April 2000."

The high stock prices are based on two underlying assumptions, the BIS said. First, "that the business profits would recover faster than in past economic recoveries," and secondly, that investors in the future would not be pushed into another round of massive depreciations. What the BIS doesn't say, but means, is that these "basic assumptions" could soon emerge as nothing more than illusions.

BIS general secretary Andrew Crockett was more to the point. The day the report was released he warned, in the newspaper *The Financial Regulator*, about the danger of further "currency speculation" in the financial markets. The federal banks should take accelerated measures against the global financial bubble, Crockett warned.

The absurdity of the claim that the U.S. recovery is under way, becomes apparent if one looks at the small increase in economic performance, compared to the growth of debt, as reported in the Federal Reserve's "Flow of Funds" report, which gives annual figures. While the business sector put the



Federal Reserve Chairman Alan Greenspan is certainly nervous about what the latest Fed report shows on the rate of growth of the U.S. domestic and foreign debt bubble. At a March 13 bankers conference in Hawaii, he said, "Countries that have gone down this path invariably have run into trouble, and so would we."

increase in its debt at \$104 billion, the actual net new business debt is closer to \$1.3 trillion, as the Fed acknowledges. Three-fourths of this new debt fell on the United States financial sector.

The reported increase in the debt burden of private households, by \$95 billion, actually reflects a rise in debt about six times as great, about \$610 billion. The increase of the national debt by around \$40 billion, disguises an increase in debt of the 50 states, of about \$154 billion.

Altogether, according to official data for the fourth quarter of 2001, there was an increase in economic performance equal to about \$32 billion, while the total debt of state, business, and private households grew by about \$2.1 trillion.

That means that for every additional dollar of net GDP reportedly achieved in the fourth quarter, \$65 of new debt was incurred. Even during the so-called "New Economy" boom, debts increased faster than the economy. But now the "debt production" has taken on a life of its own, and is completely out of control.

EIR March 29, 2002 Economics 5

Steel Tariffs Spark Revolts from the WTO

by Anita Gallagher

One pillar of the temple of globalization, the World Trade Organization (WTO), is shaking from the blows of nations, including Russia, Brazil and the Philippines, threatening to bolt from the death-grip of "free trade" back to protectionism, beginning with steel production. Survival of the physical economy of the nation-state is returning to politics, in the wake of U.S. President George Bush's March 5 decision to impose tariffs of up to 30% on steel imports to the United States.

"Clearly, the ongoing shift in U.S. tariff policy, is a direct threat to the WTO and, implicitly, to the continuing [European Union] Maastricht agreements," American economist Lyndon LaRouche said on March 7 from Germany. "However, it would be a potentially fatal delusion, to believe that this change in tariff policy, with its now obvious short-term effects, was not more or less inevitable about this time," the Democratic Presidential pre-candidate added. "On balance, this portends what will probably become, rather suddenly, the most portentous, systemic shift in world-wide economic policy in thirty years."

In Russia, Bush's steel tariffs have greatly strengthened opponents of accelerated entry into the WTO "free trade" rites. The opposition was gaining steam at a Feb. 27 conference, when, as *Kommersant* reported, "The arguments of [State Duma member] Konstantin Remchukov, known as the most active opponent of an accelerated entry into the WTO, were eagerly approved by government representatives."

In reaction to the tariffs, the Russian government and the Association of Industrialists and Entrepreneurs agreed that Russia should reject another international agreement on civil aviation, because it bans state support for domestic producers, while eliminating import duties. Russian auto manufacturers have joined the aircraft producers in their demand for a 10-year transition period in which import duties would remain at 20-25%, if Russia were to go ahead and join the WTO.

Aleksei Mordashov, general director of the steel giant Severstal, who was a short time ago known as one of the biggest promoters of Russian WTO membership, joined with other Russian steel companies in endorsing the demands of auto producers for this 10-year extension of their tariffs, as a condition for joining WTO. Indeed, Russian analysts say the aim of the anti-WTO backlash is shown in the Russian Chamber of Commerce and Industry's new proposal for a dramatic expansion of the list of sectors which should be placed under state protection. The head of the Russian Chamber of Com-

merce as of December is former Prime Minister Yevgeni Primakov, an advocate of "triangular" cooperation for physical economic growth among Russia, China, and India—outside the control of the financial sector.

"Experts take the view that the Primakov proposal is designed, in effect, to torpedo the whole notion of joining the WTO in the foreseeable future," reports analyst Aleksandr Tsipko in the Jamestown Foundation's publication, *Prism.* Tsipko is an associate of Mikhail Gorbachov, who, despite Russia's destitute condition after ten years of Western financial looting, is still pushing for more.

On March 10, the Russian Agriculture Ministry banned U.S. poultry imports to Russia, which have accounted for up to 30-40% of all poultry exports from the United States, supposedly for overuse of antibiotics and poor sanitation practices. The decision was welcomed by Russian chicken producers, whose prices are 30% more than globalized cartels such as Cargill and Tysons.

'No Sense in Remaining' in WTO

Judging by Brazil's reaction to the U.S. steel tariffs, the vaunted Free Trade Area of the Americas (FTAA) appears doomed. Brazil was to co-chair this scheme for a NAFTA-type region in South America. Even though the United States tariff is more lenient to steel-exporter Brazil, allowing it a tariff-free quota of 2.8 million tons of steel slab, the Brazilians consider this unacceptable. "I would be very surprised if Brazil were at all amenable to serious FTAA negotiations, much less taking a leadership role," warned William Barringer, lawyer for the Brazilian Companhia Siderúrgica Nacional (CSN).

The Brazilian Ambassador in Washington, Rubens Barbosa, echoed him, saying, "It's impossible to say if we will be ready to take a leadership position in these [FTAA] negotiations, because there are so many restrictions in place."

China, too, announced on March 14 a long list of areas barred to foreign investment, despite the fact it joined the WTO in December. They include strategic parts of the economy, such as construction and operation of power grids, aviation and transport control companies, as well as futures firms, broadcasting, and television.

The anti-WTO revolt is by no means limited to large, steel-producing nations. Many long-suffering nations now see the United States' abandonment of "free trade" as a green light to act in their own interests. On March 14, Manuel Roxas, Trade Secretary of the Philippines, announced plans to review whether the Philippines should stay in the WTO. Federation of Philippine Industries President Raul Concepcion said Roxas had simply echoed the complaints of domestic producers against the WTO's "double standard" in the free trade rules: "The WTO has shown that free trade is not fair. There is a different rule for the haves and have-nots, which only reinforces the divide between the rich and the poor countries. We agree with Roxas that unless all rules are applied uniformly... there is no sense in remaining with the WTO."

6 Economics EIR March 29, 2002

Wall St. Wants 'Korean Shock Therapy' in Japan

by Kathy Wolfe

Wall Street spokesmen led by the American Enterprise Institute (AEI) have begun a new "sell Japan" drive, demanding the "Korean model" of shock therapy in Japan, under which the International Monetary Fund (IMF) deregulated South Korea, shut down chunks of its industry, and sold it off to Western banks. Japan's banks must immediately take \$1.2 trillion in bad loans and "let them go into the market," U.S. deregulation "expert" Robert Dugger told Washington audiences on March 16 and 18—let the assets collapse, and be bought up at a nickel on the dollar. If Japan balks, foreigners and Japanese depositors will dump the yen, he threatened, causing a 50% devaluation, and credit agencies like Moody's will bust Japan's government bond rating "lower than Botswana."

Dugger and State Department Japan adviser David Asher, former head of the AEI Japan program, told a Johns Hopkins University forum on March 16 that the "real problem" is Japan's industrial sector, which has been "overprotected" by the banks. The top 290 "spoiled corporations" have almost \$2 trillion in bad assets, and "all of these assets must be sold off," Asher said. "The Japanese public knows that 35% of GDP consists of bad assets, so even if money is dropped from a helicopter, no one will borrow. The only way to proceed is: Let the stock market determine what the assets are worth. Just sell them on the free market. The Nikkei Index will fall, but it will bottom out—eventually. If assets are sold off, they will start performing again. That is the magic of the market!" Dugger, now with the "vulture fund" Tudor Investments, which buys such paper cheaply, agreed: "Unless Japanese banks do as David says, the large depositors will begin moving their assets en masse into dollar accounts at Citibank Tokyo. This outflow from the yen has already begun," he threatened.

Meanwhile, broad layers of the Tokyo elite, from ousted Foreign Minister Makiko Tanaka, to former Vice Finance Minister Eisuke Sakakibara, dubbed Prime Minister Junichiro Koizumi a failure, and came close to demanding that he step down. Tanaka, who is now ahead of Koizumi in the polls for Prime Minister, told the British press on March 18 that Koizumi had sold out to the "old boys," and "it's the end" for his ruling Liberal Democratic Party (LDP). Sakakibara, who may have his own ambitions, said on March 16, that Koizumi has "deceived" everyone and "has neither the vision nor the expertise for reform."



Former Japanese Foreign Minister Makiko Tanaka (shown here on Sept. 9, 2001 at a meeting in Pearl Harbor, Hawaii), and other Japanese elites, have to avoid both the traps, of Wall Street's demand for Korea-style IMF austerity, and of Prime Minister Junichiro Koizumi's "do nothingism."

White House on IMF Line

Koizumi's "do nothing" policy is a disaster, but so far, his critics act as though there are only two choices: Do nothing, or use IMF shock therapy to shut down half Japan's industrial base.

The IMF model was demanded in January by AEI Senior Fellow John Makin of Wall Street's Caxton Associates hedge fund. Unless shock therapy is implemented, he wrote, there will be a \$1 trillion bank panic in Japan. Makin is now featured by the Adam Smith and John Locke Societies as a "new guru," forecasting a global financial blowout to start in Tokyo. The IMF itself, in its new *Global Financial Stability Report*, said on March 14 that "the situation in Japan could worsen considerably....If Japan's reforms falter," Japan's banking system, "crippled under a mountain of bad loans, may fall into a critical situation."

In Tokyo, Glenn Hubbard, chairman of the White House Council of Economic Advisers (CEA), came out verbatim on March 19 with the identical IMF shock-therapy line, after months of Bush Administration pretense that it would not lecture Japan. Bad assets at banks and industrial companies "should be released into in the marketplace in a way that will let them be used efficiently," he told Financial Services Minister Hakuo Yanagisawa. "Capital is not being efficiently allocated in the Japanese economy." Hubbard complained that Japan could not fulfill its role as military supporter of the Bush Administration in Asia otherwise. "It is difficult to project power, to be a major player on the world stage without a rigorous economy," he said. Shifting bad loans to the state

EIR March 29, 2002 Economics 7

Resolution and Collection Corporation was useless, he said. "The question is how to get the . . . underlying collateral into the private sector," he said, urging Tokyo to accept large bankruptcies: "You can't fix non-performing assets if companies can't fail."

Tokyo Elites Splinter

Speaking at the Hopkins forum on Japan, former Japanese Vice Minister Sakakibara shocked some observers when he appeared to endorse the Wall Street proposals, the same ones he has called "free market fundamentalism" in the past. Japan so overprotects its markets that "in many ways Japan is a socialist country. I said this at a conference in Beijing recently," said Sakakibara, "and the governor of the Bank of China replied: 'At least the Communist Party of China has a political leadership, which Japan does not.'"

Sakakibara called for the radical IMF shock therapy, as forced on South Korea in the depths of the 1997 "Asia crisis." "Look what South Korea has done!" he said. "They have implemented radical reform. They really used the Asia crisis effectively to change their economy under the IMF program during 1997-99. Japan should do what Korea has done. . . . As Korea has shown, bank restructuring has to be accompanied by industrial and corporate borrower restructuring, because the banks' borrowers have a structure which is not generating a profit. Korea has done it, we could learn a lesson from them." Stephen Bosworth, U.S. Ambassador to Seoul in 1997, first proposed this "Korea model" in a Tokyo interview last November.

The horrible reality of this "Korean model" was described to *EIR* in detail by Korean officials who huddled in the cold with the IMF when the oil ran out in Seoul in December 1997 (see "The Crisis Is Here!" *EIR*, Aug. 18, 2000). Entire industries were shut down or bought up by Citibank and Morgan, and Seoul markets now depend on foreign money for over 50% of financing, forcing the rule of "shareholder values."

Foreign "vulture funds" such as Dugger's Tudor Investments have bought almost \$10 billion in such distressed Japanese assets dumped at "market" prices, Nikkei reported on March 19. Since 1998, over 160 Japanese firms have been dumped that way, and over 100 are due to be dumped this year.

The CEA's Hubbard even criticized Japan's recent reregulation against short selling in Tokyo markets, which has caused half the asset collapse. "It would not be wise to use regulatory measures to artificially prop up asset markets," he said. "This can only distort the valuable signals sent by the markets."

Financial Services Minister Yanagisawa rebuffed Hubbard on March 21 in the Tokyo Diet, saying, "There is no reason [for Japan] to be criticized, because we imposed regulations similar to those in the U.S." He continued the crackdown on illegal short selling that day, by censuring another five brokerages—Merrill Lynch, Crédit Suisse First Boston, KBC Financial, Okasan Securities, and Nippon Global—fol-

lowing suspensions against Goldman Sachs, Morgan Stanley, Citibank Nikko, and others.

But it's not clear that Japan's managers have a positive plan, and the postwar political system of party-ministry-industry cooperation, the so-called "Iron Triangle," is cracking under the pressure. Prime Minister Koizumi has fallen from 90% to 40% in the polls since Tanaka's Jan. 29 ouster and related scandals forced two top members of the LDP to resign. "Conservative" LDP member Muneo Suzuki quit on March 16 after being accused of manipulating Foreign Ministry aid to Russia and other countries for the profit of his supporters' construction companies. "Liberal reformer" Koichi Kato, one of Koizumi's closest chums, resigned on March 18 after an aide was convicted of tax illegalities.

Koizumi is "no darn good," but blasting Koizumi and the "Iron Triangle," now the national sport, could cut in many directions. If the AEI crowd gets their way, these scandals could paralyze the country. It is reported that Ichiro Ozawa, who has said that Japan's finances should be managed by "foreign investors," might head a new opposition power bid.

On the other side is Makiko Tanaka, known for accompanying her father, Prime Minister Kakuei Tanaka, on breakthrough diplomatic missions to China and Russia in the 1970s, and for trying to reorient Japan away from U.S. domination. Tanaka and her husband visited Beijing on March 21-25 to celebrate the 30th anniversary of her father's re-establishment of relations, and met People's Congress Chairman Li Peng, Foreign Minister Tang Jiaxuan, and other Chinese leaders who helped restore Sino-Japanese ties. Li praised Kakuei Tanaka for his "insightful political decision."

Makiko Tanaka, breaking with Koizumi, told AP and the London *Guardian* March 18 that her relation with Koizumi had soured in particular when she snubbed U.S. Deputy Secretary of State Richard Armitage, and proposed a plan "to make Japan more self-reliant in its relationship with the United States through a reconsideration of bilateral security ties." When she presented her plan, she said, he was bewildered, knowing nothing about foreign policy. "He was embarrassed and at a loss."

The question, however, is not "Who is the captain," but, "Where should Japan's ship of state go?" Part of the Japanese elite may believe that Koizumi can't handle this crisis, that the Bush Administration is a disaster, and that something new must be done, cooperating with Russia and China. Makiko could be a help there. But if she doesn't have a third alternative, to the twin evils of "LDP do nothing" or "IMF shock therapy," she might also fall into a Wall Street trap and implement Korean-style IMF reforms for lack of a better idea.

The first step to a completely new approach, which, as LaRouche has stressed, would be to point out that this is not a "Japan crisis," but a *global* crisis in which the entire dollar-based, post-1971, IMF system is fundamentally broken; that the IMF is morally and financially bankrupt; and that a New Bretton Woods conference is urgently needed.

8 Economics EIR March 29, 2002

Smear Campaign Targets LaRouche and Colonel Seineldín in Argentina

by Cynthia R. Rush

Precisely as Argentine President Eduardo Duhalde is said to be considering releasing Malvinas War hero Mohamed Alí Seineldín from prison—where he has been serving a life sentence since 1991, on trumped-up charges stemming from his involvement in the Dec. 3, 1990 uprising against the Army high-command—a dirty, internationally led campaign to slander and discredit the former Army colonel as a coupplotter, Nazi torturer, and even drug-trafficker has gone into high gear.

With the Argentine nation now threatened with physical extinction, as a result of a decade of the International Monetary Fund's murderous policies, the Anglo-American usurers who have overseen Argentina's destruction, are determined that Seineldín will never walk out of the Campo de Mayo military prison where he is now incarcerated. They fear that the former Army colonel, widely respected inside and outside Argentina for his unflinching defense of national sovereignty and the institutions of the nation-state, could serve as a rallying point for patriotic forces who want to end the IMF reign that has, literally, murdered a nation.

The campaign to smear Seineldín has also accelerated, at a time when the collaboration between him and 2004 Democratic Presidential pre-candidate Lyndon H. LaRouche, Jr., is growing in importance, both in Argentina, and in the Southern Cone region as a whole.

Centered in the now-institutionalized Argentine-Brazilian "Moment of Truth" seminars—jointly organized by the Movement for National Identity and Ibero-American Integration (MINeII), of which Seineldín is the guiding influence, and LaRouche's co-thinkers in the Ibero-American Solidarity Movement (MSIA)—this collaboration threatens to present to the region's political forces with a viable alternative to the imposition of more IMF genocide.

By focusing on the global nature of the financial crash, and specifying the role the region can play in the Eurasian Land-Bridge—LaRouche's proposal to rebuild the world economy—the seminars offer the Argentines, Brazilians, and others who have attended, a coherent way to address the causes and solutions to the crisis.

Most revealing of the international impetus behind the smear campaign, was the March 11 ceremony in which President Eduardo Duhalde granted the country's highest honor, the Order of May, to Richard Heideman, the President of B'nai B'rith International. The B'nai B'rith has, in the

past, pressured the Argentine government to keep Seineldín imprisoned. On a previous occasion when the political prisoner's freedom was also under discussion—in July 1996—the Argentine chapter of B'nai B'rith surfaced with a press release implying that Seineldín—without naming him—represented a "totalitarian" threat to the country's democratic institutions.

Witch-Hunt

Was Heideman sent to lean on Duhalde to keep Seineldín in jail? A close friend of U.S. Treasury Secretary Paul O'Neill, Heideman was given the Argentina award purportedly for speaking on Argentina's behalf and organizing aid to the country from among the international community. The ceremony followed by three days, an 8,000-person march in Buenos Aires, demanding Seineldín's freedom, after which Mrs. Marta Labeau de Seineldín delivered a letter from her husband to the Presidential Palace, and reiterated her request to meet with Duhalde. To date, the President has not responded to her numerous requests for a meeting. Was the award to Heideman his answer?

The Heideman affair culminated months of rumors, innuendo, and slanders, both of LaRouche and of Seineldín. The tenor of the campaign was set in a signal piece appearing prominently in the Jan. 28 edition of Ambito Financiero, Argentina's leading financial newspaper, which spoke of an "Unheard-of Marriage of 'Lilita' and Seineldín." 'Lilita' refers to Congresswoman Elisa Carrió, who, in a Jan. 6 speech before Congress, had shocked the nation—not to mention its international creditors—by calling for a national bank, a new inconvertible currency, and a debt moratorium, citing Lyndon LaRouche as her authority on these matters. An hysterical Ambito Financiero lied that "LaRouche is a sinister leader of the U.S. right wing . . . [who] preaches a racism akin to that of neo-Nazi groups." Moreover, Ambito Financiero fulminated, "Seineldín, like Carrió, closely follows the economic ideas of LaRouche."

On Feb. 17, the Argentine daily *Clarín* issued a worried report that President Duhalde was considering an amnesty for Seineldín. Then, on Feb. 27, the *Financial Times*, the voice of the City of London, shamelessly tried to implicate Seineldín in alleged coup plans. In an article which prominently featured a large color photo of Seineldín under the headline "Argentine Economic Crisis Shakes Faith in Democracy,"

EIR March 29, 2002 Economics 9

City of London, IMF Threaten Argentina

London's *Financial Times* on March 17 threatened Argentina and Col. Mohamed Alí Seineldín for the second time in March—this time militarily—under the headline "A Temptation To 'Save the Nation' Lingers in the Barracks." The paper lied that the imprisoned hero of the 1982 Malvinas War is plotting a coup which threatens the Malvinas ("Falklands") Islands Britain holds.

"As they watch developments in Buenos Aires, the Falkland Islanders are worried that among those re-emerging on the political landscape include Col. Mohamed Alí Seineldín, an army officer who remains in jail for his part in three coup attempts at the end of the 1980s. . . . An extreme right-wing nationalist who had earned his medals in the dirty war against political dissidents, Seineldín inspired loyalty from his closest comrades-in-arms who were influenced by his rhetoric of a just war against British colonialism. . . .

"Today, a new generation of middle-ranking and senior-ranking officers in the armed forces may unwittingly be drawn back into politics if anarchy becomes a real possibility: the temptation to 'save the nation' lingers in the barracks....

"Argentina's capacity to put its own house in order remains in doubt, and that can only damage relations with Britain and the still-disputed Falklands. On the islands, the British have built a large military base, capable of accommodating a rapid reaction force if intelligence sources notice Argentine military maneuverings."

At the same time, International Monetary Fund official Anoop Singh, a "tough guy" assigned by the Fund to deal with Argentina, publicly demanded that the Duhalde government overturn its own Economic Subversion Law, in effect since 1974, before the IMF would consider "aid" for Argentina. It is this law, under which several federal judges are now investigating a group of bank executives, including those working for foreign banks, on charges of illegal capital flight, money laundering, and other grand-scale stealing. As legislator Oscar González of the ARI party put it, "the IMF's demand seeks impunity for those whitegloved thieves."

the *Times* warned that the existing political vacuum "has stirred fears of a return to Argentina's authoritarian past." Seineldín, it baldly lied, "is in jail for leading a failed coup in 1990, has launched a campaign to become President."

In a March 2 radio interview, Seineldín countered these lies with the charge that the real coup threat doesn't come from Argentina's armed forces, which have been destroyed, but from the "Anglo-American Establishment." In fomenting a "controlled civil war," and provoking significant numbers of deaths, this apparatus seeks to lay the basis for a foreign, UN-led intervention, he warned. He also charged that Colombia's narco-terrorist FARC had intervened in the country, by providing 5,000 weapons to subversives in the country's North, to foment social violence and upheaval.

Clarín's March 5 edition quoted an unnamed, but clearly worried, U.S. State Department official scoffing at the idea, saying that, actually, "it helps a lot for someone like Seineldín to come out and say what he did. . . . What he said is so stupid, so far out, that it has the opposite effect than what he was seeking."

Unsettled, *Ambito Financiero* on March 7 again warned that a pardon for Seineldín was under consideration.

Who Are the Real Nazis?

Then came the real filth. In early March, a so-called Committee to Free Seineldín popped up in the southern Brazilian state of Paraná. The group's emergence is particularly strange, as its name is almost the same as that of the "Brazilian

Committee for the Freedom of Colonel Mohamed Alí Seineldín," founded in October 2001 by Brazilian military patriots, Gen. Tasso Villar de Aquino, Rear Adm. Sergio Tasso Vásquez de Aquino, and Col. Pedro Schirmer. The original committee's statement calling for Seineldín's freedom, signed by over 200 retired Brazilian military and civilian activists, was also distributed at the March 8 "Free Seineldín" march in Buenos Aires, and its existence and organizing make clear that Seineldín's support extends well beyond Argentina's borders.

But the phony Paraná committee has a website called "Agua Verde," which is linked to the "Red Kalki," associated with an Argentine outright Nazi, Alejandro Biondini, the symbol of whose political grouping resembles a swastika. In the past, Biondini, frequently shown giving the fascist salute, has been linked to the desecration of Jewish cemeteries in Buenos Aires.

Filling out its profile as "Nazi-communist," the Agua Verde site boasts of its support for the "Bolivarian Revolution," lauding such proponents of mindless Jacobinism and narco-terrorism as Venezuela's Hugo Chávez, Ecuador's Col. Lucio Gutiérrez, and Cuba's Fidel Castro.

The timing of the Agua Verde website's emergence, and its crass attempt to tar Seineldín by linking him to the Nazi Biondini, immediately raises questions as to the real purpose of B'nai B'rith President Richard Heideman's trip to Buenos Aires, particularly given that organization's past role in organizing against Seineldín.

10 Economics EIR March 29, 2002

Germans Sweat To Finish Chinese Maglev Project

by Rainer Apel

Ever since the Chinese-German government contract on the magnetically levitated rail construction project in Shanghai was signed on Jan. 23, 2001, the German way of looking at such big infrastructure projects has been revolutionized. The contract has also revitalized the domestic German debate on maglev projects, 11 months after the burial—in February 2000—of the Hamburg-Berlin project, which was supposed to have been the first commercial maglev track in Germany.

But an even more important effect of the Shanghai contract, is that the Germans have had to learn to do things fast incredibly fast, given the way things are done in Germany, nowadays. Seeing 10, 15, or even 20 years go by, before a short strip of highway, waterway, or railroad gets completed, has become commonplace during the past two decades. Whereas many people have their doubts about whether the ecology really benefitted from the rise of ecologism in German politics, there can be no doubt that its main effect has been a standstill in construction of public infrastructure projects. As a result, the cost of projects grows: In the case of the new high-speed rail link from Cologne to Frankfurt, construction of which took about ten years, the cost tripled from the originally projected 3.5 billion German marks, to well over 10 billion. Full commercial operation on that track will begin in 2003, at the earliest.

Well, in China, things proceed at a different pace. German politicians who visited Shanghai in March 2001, reported with amazement that the entire construction site for the maglev had already been cleared—less than two months after the signing of the contract. Construction began in April 2001, documenting that when then-Mayor of Shanghai Xu Huangdi had announced, in January, that the maglev track between the city and the international airport at Pudong (34 kilometers away) would be completed by no later than Autumn 2002, he was not fantasizing. Indeed, by September 2001, the basic hardened concrete structure of the track had been completed, although its ceremonial inauguration had to wait another two months, to coincide with the November visit of German Chancellor Gerhard Schröder.

Zhu Rongji's Deadline

This rapid process was not something that the Germans were allowed to watch from a distance: The Chinese insisted

that the Germans also speed up their work. The Chinese began asking why the Germans could not work 24 hours, in three shifts, as the Chinese did. The Chinese also asked why the parts of the maglev that were produced in Germany and had to be shipped to China, would consistently arrive late. Whenever he received visitors from Germany, China's Prime Minister Zhu Rongji made it clear that he did not care how the Germans managed to do it, but that he wanted to take his first ride on the Shanghai-Pudong maglev on Jan. 1, 2003. He warned that if it did not work by that date, the Germans could forget about follow-on projects in China. This "ultimatum" has forced the Germans to massively upgrade their staff on the construction site at Shanghai, and to speed up production of the required maglev parts back home.

The other message that Zhu Rongji sent to the German side, was that if there are more projects in China, the maglev systems would no longer be imported from Germany, as with the Shanghai project, but nearly all crucial components of the maglev trains would be produced in China, in joint ventures with Germany, with technological know-how shared on a partnership basis.

Reviving Optimism

The problem that China encounters with the "slowness" of the Germans, is a lesser one (in terms of on-time delivery, quality, and creativity in solving problems) with the smaller, Mittelstand German firms that are involved in the Shanghai project, than with the big companies like Siemens. For example, Ferrostaal, a medium-sized producer of industrial facilities and manufacturing equipment, has developed a new technology especially for the Shanghai-Pudong project, which allows the laying of cables to be done at almost the speed of a conveyor belt. Many if not most of the 300 smaller German companies that are contributing to the project, have invested a lot in upgrading of their own workforce and production capacity in Germany, to be able to produce on time. With most of German industry suffering from the shrinking of export markets under the deepening global economic depression, there is hardly any other sector that shows such optimism.

This optimism is something that the Germans almost seemed to have forgotten, after the last big industrial projects abroad came to a standstill, with the unfinished nuclear power projects in Brazil, in the late 1970s. When Chancellor Schröder visited Brazil recently, his hosts reminded him that the nuclear power project Angra III is still waiting to be built by Germany—after a freeze of more than 20 years.

Once the maglev project in Shanghai is completed, and Prime Minister Zhu Rongji has completed his first test ride on the train, the Germans not only will have won a genuine option for follow-on projects in China; they will also have relearned how to build infrastructure fast—not just in China. The wish that many Germans share with this author, that a ride on a commercial maglev train may be possible in Germany one day, may then be fulfilled even before 2010.

EIR March 29, 2002 Economics 11

China Prepares for Manned Space Flight

by Marsha Freeman

After months of silence from space officials in China, news reports indicate that the third test flight of a Shenzhou space capsule is near, and that overall, the Chinese space agency and aerospace industry are preparing the steps to put their first men into space. The first two unmanned Shenzhou spacecraft underwent test flights in November 1999 and January 2001.

The European Space Agency and Japan cancelled their manned space programs in the 1980s, due largely to budget cuts. They had been developing manned transport vehicles to service the International Space Station. China, which has asked the United States that it be allowed to join the international project but has not been invited, is planning its own independent manned space program. Western, and particularly American, space enthusiasts have been waiting impatiently for the first Chinese astronaut's flight, hoping this will create a "Sputnik" reaction, leading to increased support for the struggling U.S. space program.

In January, *China Youth Daily* reported that flight controllers at the Beijing Aerospace Command and Control Center had improved their skill level for the more complex tasks of flight control, orbit determination, analytic planning and data processing, reentry control, and work with new data display monitors, needed for increasingly complex missions. Data from China's tracking stations and fleet of tracking ships must be processed in real time with great precision, since the unmanned craft are controlled completely from the ground.

But Western observers reported there were signs that the third Shenzhou test launch had been delayed, and this was confirmed on Feb. 26 in the U.S. *Army Daily* newspaper, which reported that a simulated launch had indicated there were technical issues that still had to be worked through. The newspaper also published a photograph of the Long March 2F rocket which will be used to launch the third Shenzhou into orbit.

On March 6, the problems seem to have been overcome, as Hu Shixiang, Deputy Minister of the General Armament Department of the People's Liberation Army, stated at the Ninth National People's Congress that the launcher and Shenzhou spacecraft were at the launch center.

In an interview on March 13, Zhuang Fenggan, chairman of the Science and Technology Committee of the China Aerospace Science and Technology Corp., corroborated that the

original plan had been to launch Shenzhou-3 last year. The 77-year-old aerodynamics specialist explained that mission designers had hoped to improve the interior of the spacecraft for the third mission, but problems arose when the changes were implemented. The team was forced to return to the previous design, delaying the mission to this year.

Zhuang stated, "I personally believe that it is best not to change the spacecraft installation. Even the subsequent Shenzhou-4 and -5 spacecraft should not [have] changes. If every mission has some changes," he explained, "conditions of the space vehicle for each launch are definitely not identical. If such changes are kept up, conditions would be different by the time the manned mission is launched." In that case, he said, "we simply cannot guarantee the reliability of the conditions."

Full Testing

Zhuang explained that the requirement for reliability of the manned spacecraft is very high, and will not be based on calculations, but from verification through full testing. This is also the philosophy that guided the early U.S. development of rockets and manned space systems.

Zhuang said, "Speaking as a technician, when the launch will take place is not important. It is important to guarantee the safe launch and return of the *yuhangyuans* [astronauts]." He added, "After the successful flight of Shenzhou-1, some people had said that the follow-up mission should be manned, to ride on the momentum. We clearly cannot do that."

Zhuang disclosed some of the advances that will be made on the third test flight. There will be a dummy *yuhangyuan* on board, to test the complex life support system. There will be scientific experiments on board, as there were in the second vehicle, and also tests of the safety of the reentry system.

Zhuang was asked why animals, such as monkeys, were not going to be launched on these test vehicles, as they had been in the U.S. and Soviet space programs. He replied that China's approach would be to use dummies that are equipped with sensors. "We want to guarantee the safety of the *yuhangyuans*, much as with the animals," he said.

Regardless of the outcome of the remaining unmanned Shenzhou tests, Zhuang agreed that the first manned mission would surely not occur this year. "Speaking as a matter of principle, we have mastered manned spaceflight technical issues. But a new car that just leaves the factory can suddenly break down on the road. If problems with the spacecraft are not resolved before it breaks down, they could turn into major issues," he said.

Plans for Chinese space exploration when manned flight is under way are also being discussed. Larger, more powerful members of the Long March family of rockets are being developed, to launch a small, 20-ton space station, perhaps starting with a man-tended, rather than permanently occupied, space laboratory. Such rockets could send large-scale telescopes to the Moon and Mars.

12 Economics EIR March 29, 2002

'An Inch' as Good as a Mile on Embryo Research

Under pressure of British moves to allow unfettered embryonic stem-cell research, and even attempts to clone human beings, a shift in the German policy of protection of life in scientific work has occurred. The Bundestag (Germany's national parliament) on Jan. 30 gave its approval to the import of lines of embryonic stem-cells produced abroad (even if under strict conditions). This "little breach in the taboo" with respect to human life, which *EIR* and the LaRouche movement in Germany had warned about extensively, is, in reality, a green light for misusing embryos for research ultimately for a cannibalistic medicine, in which the human being is viewed as a "source of replacement parts" for exploitation.

The bitter irony of the Bundestag vote lay in the fact that the debate had to be led through a fixed staging, with three different proposals, to increase the probability that a foul compromise could be put through. Without further procedural tricks, the vote would still have failed, with a plurality of 43% favoring continuing the ban on imports of embryonic stemcells. Only with the second vote on the subject was a coalition created between the "extremist" and "moderate" positions. The much-praised "historic debate" was a well-orchestrated "fix." All the subsequent laws for regulating embryonic stemcell import had been prepared long in advance and will now be on the fast track to be instituted.

None of the German parliamentarians opposing imports realized what trap they had fallen into, since a simple "yes/no" vote was never taken.

The parliamentary vote was barely over, when a heated debate began over the fastest ways of creating "bio-banks," patent regulation, "research competition," and financing of stem-cell projects by the federal German Society for Research (DFG). The German edition of the London *Financial Times* rejoiced: "Regardless of how the politicians vote: Scientists, patients, and the bio-tech Industry will soon push through much softer regulations."

Nothing Human 'Detected'

One thing that will quickly fall by the wayside is the view that embryonic stem-cells can be developed into therapeutic methods for severe medical conditions. This argument was never more than a guise under which the goal of other biotechnology research could be concealed. It is highly doubtful that embryonic stem-cells could ever cure a disease, and if human dignity is to be sacrificed to clarify this question, then the cost

for this research is very high indeed.

The arguments supporting this research claim that nothing "human" can be detected in a fertilized egg cell, nor in the "cell clumps," called blastocysts, bred so that embryonic stem-cells can be taken from them. With such a "detection" process justified, it will then be applied to find no "human dignity" in very severely handicapped persons and in coma patients.

Unfortunately, the consequences of the German parliament's decision are all too apparent. More polemics in the Bundestag on the question of embryonic stem-cells would have been in order. Cardinal Joseph Ratzinger could have been quoted from his recent interview with Peter Seewald: "We do not know all that this area [of biotechnology] has in store, but we can be convinced of this: God is firmly opposed to a final outrage, a final outrageous self-destruction of mankind. He will oppose the belittling of humans into a livestock of slaves. There are boundaries, which we cannot cross without destroying creation itself or surpassing the first sin and the negative consequences that followed it."

Ignoring the Alternative

One can also look at it another way, if the warning of this leading clergyman sounds too "religious." Research with embryonic stem-cells, and the attempt to raise human "live-stock" in some form, will fail because of the reality of biological processes, which are not as reductionalistically simple as today's researchers imagine. Just the recent statement from a reproduction biologist regarding her cloning results with primates—even normal looking cells turned out to be a "scary closet of horrors" upon closer examination—should convince every serious researcher to stay away from human experiments.

Prof. Otto Hornstein, who belonged to the first reproduction medicine committee of the DFG, reminded the current DFG president, Dr. Ernst-Ludwig Winnacker, about the solemn promise of the World Doctors Union in Geneva, in 1948. In an open letter to the *Frankfurter Allgemeine Zeitung* on Jan. 30, Hornstein cited the pledge: "I will keep the highest respect for human life from the time of conception onward." It would be more than strange if Dr. Winnacker claimed that important progress in medicine had always been connected with the breaking of taboos. "I don't dare imagine, to what extremes the brownshirted rulers would have been capable, if they had had the biotechnological possibilities of modern molecular genetics at their disposal," wrote Hornstein.

There is a clear alternative, which has often been ignored, and which the British science journal, *Nature*, has recently attempted to debunk. This is research with adult stem-cells—which are taken from the patient who is to be treated. There are strong indications, and some experimental case evidence, that these types of cells can be transformed so as, not only to cure diseases, but also as a basis for fundamental research to uncover basic life processes.

EIR March 29, 2002 Economics 13

ERFeature

'Fair Trade' As A Phase-Shift

by Lyndon H. LaRouche, Jr.

March 11, 2002

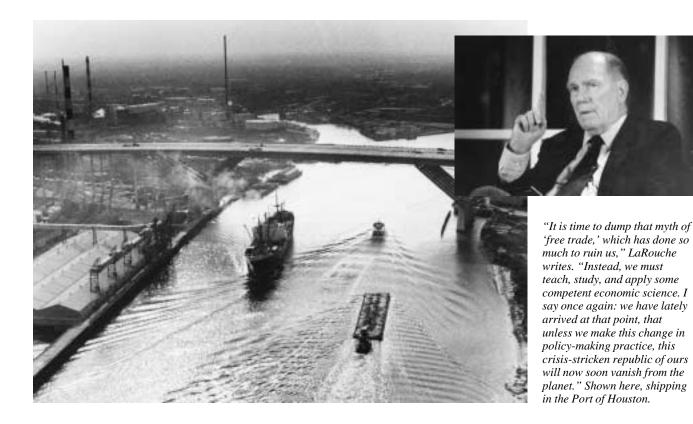
A man standing, despondent, in a line of old horses at the gate of the a slaughter-house, was told by the wise old horse behind him, "I warned you where your insisting on 'horse-sense' would get you!" When you speak or write of "common sense," be certain you make clear that you are referring to a form of thinking specific to sane human beings. When in doubt, say "common *human* sense"! That may explain what happened to the nervous columnist George Will, when President George W. Bush announced the new steel tariff.¹

Today's typically incompetent professor of economics, such as Enron Wendy's Senator Phil Gramm, or Arthur Burns' Milton Friedman, confuses the study and practice of economics with a poor fool's statistics, or simply insists, as Gramm does, that there are no principles of economics which can not be discussed and agreed upon among any group of lame-brained populists who had just happened to wander into his kitchen at that moment. What President Bush did, with the announcement of the "fair trade" tariff, greatly upsets them. Someone should have warned the addled devotees of Gramm, Friedman, and Will, that, whereas some horses are rumored to be able to count, human beings are expected to think.

Tell that to today's universities! Today's typical university classrooms would bring a blush to the cheeks of even those pedants described in Gulliver's Travels to Laputa. Most departments pride themselves in their lack of responsibility to, or for, the content of what is being taught as different specialities than their own.² Most among the academic economists, for example, are proud of knowing nothing about how products are produced; most of them rely defiantly on the same *post hoc ergo propter hoc* variety of gambler's statistics, which Cambridge University's

^{1.} George Will, "Bending for Steel," Washington Post, March 7, 2002.

Cf. C.P. Snow, Two Cultures and the Scientific Revolution (London and New York: Cambridge University Press, 1993 reprint).



Joan Robinson associated with bumbling Milton Friedman. They love a gambler's numbers, but abhor the honest labor of physical science.

Instead of the principles of physical science, virtually all departments of the university, even what are ostensibly physical-science programs, rely implicitly upon the student's earlier conditioning in those simple, "ivory tower" notions of space and time taught in the very poorest quality of geometry and algebra classes. They insist that there is almost nothing in the universe which can not be neatly explained away, at the blackboard, by aid of a childish set of Euclidean, or quasi-Euclidean definitions, axioms, and postulates.

An essential part of the relative popularity of those reallife imitations of Laputan professors, is that they teach only precepts which science-illiterates could readily accept, and appear to understand, but all that without subjecting the students to the painful experience of being obliged to abandon any part of today's prevalent, populist's style in illiteracy. Thus, many among those miseducated populists who became victims of the "new economy" swindle, had said, in defense of their credulity, "But, I understand what they are saying." Such credulous prey of the quackademics know essentially nothing about a matter on which their nation's survival might depend; many of those gulls are, still today, proud of themselves for what they have been duped into believing.

The recently reported, scandalous behavior of some leading accounting firms, and close scrutiny of the fraudulent economic reports issued by sundry governmental and putatively prestigious private reporting agencies, typifies the al-

most brutish functional illiteracy of even so-called leading layers of public and private life. The popular credulity for the blatant frauds headlining the principal output of mass media reporting in general, typifies the pathetic state of belief of our population in general, especially among secondary and university students from among the recent two generations of our population. Most among those generations, both adults and adolescents, have often appeared unable even to remember that a report contrary to today's was not only featured in yesterday's headlines and editorial columns, but are believed, out of blind faith in George Orwell's "Big Brother," by most among today's new batch of true believers!

Today, most of these unfortunates do not rely on even old-fashioned school-book forms of Euclidean geometry. They prefer the lunatic "new math." Therefore, given the mind-numbing effects of "programmed learning," do not be surprised that society generally tolerates the carnival side-show economics of the like of Gramm and Friedman, or that emotionally fragile George Will is driven almost to the gates of Peter Weiss's Charenton, by his panicked reaction to President Bush's announcement.

To conduct a sensible discussion of any really important topic of economy, such as the causes of today's global monetary-financial crisis, it is indispensable to lead the relevant sector of the population to the kind of understanding of geometry which Carl Gauss and Bernhard Riemann typify. This requires some thinking, which, admittedly, ranks in today's university-educated circles, way down the ladder from such popular academic attention-getters as professional football,



"Although President Bush has taken one important step away from the preceding decades commitment to 'free trade,' that does not mean that Bush's Presidency really understands what it is doing." Here, President Bush with Treasury Secretary Paul O'Neill.

Nintendo games, and ladies' mud-wrestling. Take the issue I have identified at the outset here, as something which is to be best understood as an example of such a scientific problem in geometry. The proper question to be asked, is, therefore: What is the effect, from the standpoint of physical geometry, on every part of an economy, of a shift from a "free trade" to a "fair trade" policy, and vice versa?

This takes us now, out of the fragile-fantasy world of George Will, into areas of common *human* sense. To understand the shift from a "free trade" economy, such as today's, to a "fair trade" economy, requires attention to two crucial principles of economics which, unfortunately, very few of today's professed economists even begin to understand. These two issues are: how is a profit really generated in an economy considered as a whole; and, given the way the profitability of an economy as a whole is actually determined, how can a shift from "free trade" to "fair trade," transform a sick economy, like that of the U.S. today, into a healthy one?

Although President Bush has taken one important step away from the preceding decades commitment to "free trade," that does not mean that Bush's Presidency really understands what it is doing. It has reacted to the fact that without returning to traditionally American protectionist policies, this nation could not possibly muster the economic sinews required to support the Bush administration's current, aggressive military policy. Nonetheless, Daschle, Bush, et al., have moved in the right direction in taking this first step toward a "fair trade" policy, whether either understood the deeper implications of that, or not.

The Bush Administration's current approach to a wishedfor recovery of the U.S. economy, will inevitably fail. It may have lured itself into the wishful belief, that its approach to so-called "stimulus packages" will replicate the success of Franklin Roosevelt's and Presidents Truman's, Eisenhower's, and Kennedy's military-linked stimulus programs. Pumping money into the pockets of those wealthy campaign-contributors with holdings of military relevance, will not prompt a recovery under presently prevalent conditions of the economies and financial markets.

Any successful effort would require an immediate scrapping of all those pro-monetarist revisions in policy instituted, cumulatively since 1966-1967, especially the floating-exchange-rate system and massive deregulation unleashed by what are most fairly described as the Kissinger-Brzezinski administrations of 1969-1981, eliminating the policies enforced under the tyrannies of Federal Reserve Chairmen Paul Volcker and Alan Greenspan, from October 1979 to the present date.

The step toward "fair trade," away from "free trade," is a step in the right direction, but before stepping too far in that direction, it will be necessary to build the relevant bridge across the relevant, waiting chasm.

Our citizens must understand those deeper implications, if we are to free the nation's policy-making from the confused state of mind typified by the case of columnist Will.

1. How a Real Long-Term Profit Is Generated

The first principle which ought to be taught in any course in economics today, is that there is no agreement between the popularized fad called "ecology," and real-life economics.

In modern society, economics begins, where ecology fails. Lower forms of life appear to practice ecology; only human beings, at least the sane ones, are capable of practicing economics, instead. To understand these connections, we must start by concentrating on the real, *physical* side of the economy, rather than the superficial, secondary aspect, the financial side.

In the process, the reader must, unlike retiring Senator Phil Gramm, consider some crucially important technical terminology, and also some previously unfamiliar, but relevant historical facts, as in any serious investigations.

The difference between the student who walked out of Milton Friedman's or Phil Gramm's class, in disgust, and the poor fool who stayed behind in that course, is just what the wise old horse explained to the doomed poor fellow standing in front of him. All economics is based on the individual human being's ability to discover, or rediscover *an experimentally validatable universal physical principle*, a discovery which no lower form of life, or, apparently, Friedman or Gramm, could ever make.

By "physical economy," we should mean, in technical language, the measurement of the rate of increase of mankind's potential relative population-density, per capita and per square kilometer. This measurement is made possible through the discovery and application of those methods used to make any valid discovery of a universal physical principle. These discoveries can not be made by alternative methods, such as deduction, nor by any mere sense-perceptual view of phenomena as such.

This principle of economics has always been implicitly characteristic of human existence, whenever and wherever human beings existed. Admittedly, when competent economists study forms of society existing prior to modern times, as they should, they should be able to measure those societies' performance by comparison with the methods used to study modern economies. However, contrary to the myths of those academics known as reductionists, an actual science of economics is an historically specific outgrowth of modern European society's development, beginning the Fifteenth-Century, Italy-centered Golden Renaissance.

The policies introduced, under the influence of that Renaissance, by France's Louis XI and England's Henry VII, are the earliest notable examples of a commitment to modern economy by a sovereign nation-state. Progress in approximating the policies of a modern economy, was made by such influential Sixteenth-Century figures as France's Jean Bodin and England's Thomas Gresham. However, a systematic notion of economic science, could not have existed prior to the later, powerful discoveries of the first approximation of a comprehensive mathematical physics, by Johannes Kepler.

The possibility of a general science of physical economy, depends upon the impact of Kepler's original discovery of a universal principle of gravitation, published in 1609. It depends, especially, upon the method he describes in that book,

the method by which that discovery was made.³ This method has been the foundation of any competent form of comprehensive mathematical physics. It is the method which is the foundation for the actual discovery of the principles of modern economy, beginning with the relevant 1671-1716 work on this matter by Gottfried Leibniz.

The crucial importance of Kepler, and of the work of Fermat after him, for the founding of a competent approach to economic science, lies in the method which Kepler employed to define the standard by which all competent forms of physical science since, have defined as the meaning of an experimentally validated universal physical principle. Without the mastery of Plato's Socratic method, which Kepler adopted from his identified predecessors Nicolaus of Cusa, Luca Pacioli, and Leonardo da Vinci, it is impossible to define a competent approach to investigating the principled features of a modern economic process.

No economy can be understood from the financial side alone. We must understand the principles of physical economy, first; after that has been accomplished, competent study of the financial side of the economic process can begin.

Unfortunately, education today, including so-called higher education in general, is usually much poorer in average quality than it was a generation ago, and that was already poorer than the preceding generation's. Today's typical forms of instruction in mathematics and physical science, as usually doled out to secondary and university classrooms and textbooks, afford the student no insight at all into the very foundations on which all great accomplishments in physical science in general, and economics in particular, have depended since the beginning of modern European civilization. In today's academic world, such are among the largely forgotten accomplishments, on which modern civilization depended, which were revived by that revolutionary rediscovery of the pre-Roman, Platonic scientific method, which erupted in Fifteenth-Century Italy.

Fermat's principle of "quickest time," is among the most crucial continuations of Kepler's refutation of the common fallacies of method, by Claudius Ptolemy, Copernicus, and Brahe (and also Sarpi's lackey Galileo). This work of Kepler, Fermat, et al., provided the platform on which such collaborators as Christiaan Huyghens, Gottfried Leibniz, and Jean Bernouilli laid the Seventeenth-Century foundations for the only competent form of modern methods of experimental physical science. This was also the foundation for Leibniz's discovery of the elementary principles of physical economy. This element in the work of Leibniz, was the source from which all competent economic science and related statecraft, such as

^{3.} Johannes Kepler, *The New Astronomy*, William H. Donahue, trans. (New York: Cambridge University Press, 1992), or, for the earlier sources customarily referenced by the present writer and his collaborators since the 1970s, chiefly the *Neue Astronomie*, Max Caspar, trans. (Munich: Verlag R. Oldenbourg, 1929), and *Weltharmonik*, Max Caspar, trans. (Munich: Verlag R. Oldenbourg, 1982, reprint of 1939 edition).

that known to Benjamin Franklin and Alexander Hamilton, was derived thereafter.

As I have shown in many locations published during the recent thirty-odd years, all competent national economic policies are formulated on the basis of actual, or implied longrange economic forecasts. Such policy-shaping must address questions of the type: What will be the comparative total effect on the nation's physical economy, five, ten, twentyfive, and fifty years down the line, respectively, of choosing each among an array of suggested policies today? Making relevant laws and budgets without competent long-range economic forecasting, reminds us of the fisherman who spent a lifetime stubbornly casting, but without bothering to discover whether or not he was fishing in a dry hole. To develop a scientific approach to long-range forecasting for national economies, it is indispensable: to define precisely what a universal physical principle is; by what means such principles are discovered and developed; and by what means cooperation to bring about their successful application, is to be organized.

For example, it was through the influence of Leibniz, as an opponent of John Locke, upon the leading intellectual life of the Eighteenth-Century English colonies in North America, that a process was set in motion, with European allies of the American cause, to establish the most successful form of modern nation-state economy yet devised, the U.S. Federal Constitutional republic founded in 1789. This was the nation rescued from its subsequently threatened destruction by the intervention of John Quincy Adams' follower, and, earlier, one-time crucial collaborator, President Abraham Lincoln.

Unfortunately, our nation's national economic practice has often violated the constitutional principles upon which the republic was founded. This has been, once again, the unfortunate trend during the recent thirty-five years. Similar deviations from those principles, always with awful results, have occurred during earlier periods.

From its beginning in 1789, our new-founded constitutional republic was repeatedly in jeopardy, since the blow against freedom struck by the July 14, 1789 British plot known as the storming of the Paris Bastille, an event whose outcome was to transform our stoutest ally, France, into an important enemy. Despite that, the recurring insurgencies of

the American patriotic intellectual tradition, such as that of Abraham Lincoln and Franklin Roosevelt, have repeatedly brought forth the American economic model from the places it had been held captive by foreign adversaries and their domestic accomplices, such as van Buren, Polk, Pierce, Buchanan, Cleveland, Theodore Roosevelt, Woodrow Wilson, and Calvin Coolidge. The adversaries included the British monarchy and, excepting the Emperor Joseph II, both the Spanish and Austrian Habsburgs, in addition to the implicitly treasonous, so-called "American Tory" tradition.⁵

Recently, it has been chiefly the continuing legacies of Presidents Nixon and Carter, and their "Leporellos" Kissinger and Brzezinski, which have pushed our republic to the present brink of catastrophe. The world, and the U.S.A. itself, have now arrived at the point in history, at which we, either, once more liberate that previously enshackled American patriotic intellectual tradition, or, under the present, exceptionally extraordinary circumstances of ruin, this nation, and perhaps most of the planet, too, will be plunged into a prolonged dark age, a world desperately hoping for a reappearance of even simply human conditions.

We are in a situation, now being faced by President Bush, in which the past thirty-five years' trends in economic policy-shaping have failed disastrously. In this situation, a return to economic policies consistent with the American intellectual tradition of Benjamin Franklin, Alexander Hamilton, Mathew Carey, John Quincy Adams, Henry Clay, Henry C. Carey, and Franklin Roosevelt, are indispensable for the survival of our nation. Moreover, it is likely that only the role of that same American intellectual tradition, as a catalytic factor of leadership in producing new forms of international cooperation, could prevent what is already a looming global catastrophe for civilization as a whole.

It is time to retire the widely practiced "Brand X" economics commonly taught in universities. It is time to dump that myth of "free trade," which has done so much to ruin us. Instead, we must teach, study, and apply some competent economic science. I say once again: we have lately arrived at

^{4.} The storming of the Bastille, on July 14, 1789, was organized by the British agents the Duke of Orléans ("Philippe Égalité") and Jacques Necker. That event was conducted by the Duke as a campaign rally on behalf of Necker's appointment as Prime Minister of France. Its larger purpose was to block the adoption of the proposed new French Constitution presented by Lafayette and Bailly. Although Lafayette and Bailly submitted to the conditions created by the actions of Orléans and Necker, the spiral of decay in the French political system continued through the executions of the Jacobin tyrants Robespierre, Saint-Just, et al. In August 1792, Lafayette was imprisoned in a dungeon at Olmütz by the Austrian Chancellor; according to the account dramatized in Beethoven's *Fidelio*, on orders from British Prime Minister Pitt ("Pizzaro"). The opponents of Lafayette and Bailly (Orléans, Robespierre, et

al.) had been adversaries of Benjamin Franklin; Necker had been, together with Lord Shelburne's historian Gibbon, personally a member of the circles of the British East India Company's Shelburne; Danton and Marat were personally agents of the Secret Committee of the British Foreign Office, then headed by the Jeremy Bentham later exposed as the controller of U.S. Vice-President and Bank of Manhattan founder Aaron Burr. Napoleon Bonaparte, the first modern fascist ruler, and his circles, including the fascist tyrant and British agent Napoleon III, were always enemies of the U.S.A. and sympathizers of the Confederate States of America, as echoed by the appointment of Charles Bonaparte as Theodore Roosevelt's U.S. Attorney General.

^{5.} Although the Spanish branch of the Habsburgs, the Hapsburgs of Charles I, Philip II, et al., came to an end with the War of the Spanish Succession, the depravity of Hapsburg Spain's tradition, including its racist role as the British monarchy's agent in the American traffic in African slaves, continued deep into the Nineteenth Century. This is continued as the internationally active pro-fascist, Carlist tradition of Philip II today, including its influence within the American Tory faction inside the U.S.A. today.

that point, that unless we make this change in policy-making practice, this crisis-stricken republic of ours will now soon vanish from the planet.

Thus we have the bare beginning of a phase-shift, from "free trade," toward "fair trade," announced by, among others, Senators Daschle and Lott, and President George W. Bush. There are principles of science involved, which, unfortunately, virtually none of our current batch of academic economists appear to understand. For the sake of our nation, and our posterity, you must rise to the standard of true citizens, and must therefore now come to understand those principles.

Vernadsky and LaRouche

Since the issue here, is a matter of strictly scientific import, I must define the credentials for my argument accordingly, but I must do that also as quickly as is allowable. So, we have the following paragraphs.

The great Russian biogeochemist Vladimir I. Vernadsky and I came separately, by somewhat different routes, to broadly similar conclusions. He as a premiere geologist in the footsteps of one among his former teachers, the great physicist and master-builder Dmitri I. Mendeleyev; I, as an opponent of the doctrines of Immanuel Kant, and therefore those of the hoaxster Professor Norbert Wiener. I summarize, as concisely as possible, the crucial points which I have elaborated in earlier published locations. Combined, these represent the most essential foundations of contemporary economic science. Certain differences between my own discoveries and those of Vernadsky, are crucial. I shall identity these differences at the relevant point.

Vernadsky used geology as the principal evidentiary basis for showing that our planet has been increasingly dominated by the accumulated effects of a principle of action we identify, in commonplace usage, as "life." He demonstrated, by the most rigorous, relatively exhaustive standards of experimental scientific proof, that the relevant processes of life are not an expression of any physical principle situated within what experimental methods define as a non-living, i.e., *abiotic*, universe. On the basis of that proof, Vernadsky went further, to show, also, that the effects of human cognitive processes, which he named *noësis*, generate changes in the biosphere which can not be attributed to action by either principles specific to the abiotic universe, or the activity of living species other than mankind.

In this respect Vernadsky followed all the great modern physical scientists, from Cusa's original definition of modern experimental physical science, in his *De Docta Ignorantia*, through such avowed followers of Cusa as Leonardo da Vinci and Kepler. As Kepler emphasized in making the original discovery of a principle of universal gravitation, we know universal physical principles only by proof of their existence

as such principles. We derive that proof from what can be shown to be a universally valid, experimental demonstration of *their physical effects*. Therefore, all principles known through this experimental method, are defined as universal physical principles, as Vernadsky did, because they are proven to be principles by their physical effects.

My own 1948-1952 approach to a related conclusion, began along a different track than Vernadsky's work. I started from a defense of Leibniz's *monadology* against the attacks on this by the neo-Aristotelean empiricist Immanuel Kant's series of so-called *Critiques*. Before my encounter with an advanced-publication copy of Wiener's *Cybernetics*, at the beginning of 1948, I had already accepted the argument for the existence of life as representing a universal, anti-entropic physical principle not to be found within the experimental bounds of an ostensibly entropic, *abiotic* phase-space. From my standpoint, Vernadsky's work has two flaws of incompleteness which must be corrected for the sake of a competent economic science.

First, from my overview of Vernadsky's work as expressed by those Russian and other specialist sources who could acquaint me with his available writings: to this day, I turn up no evidence that he grasps the most crucial aspect of the way in which an individual's discoveries of universal physical principles are effectively socialized as a mode of generalized social cooperation, as in economic processes.

Second, although Vernadsky shows interest in taking up the study of Bernhard Riemann's work, there is no evidence presented to me by relevant sources, that he succeeded in completing a competent study of even the most crucial features of Riemann's discoveries.

It is on these two, interdependent points—1. the notion of relatively perfect sovereignty of the individual's cognitive (e.g., *noëtic*) processes; and, 2. that the evidence is that our universe is of an *anti-Euclidean*, not *non-Euclidean*, type of physical geometry typified by Riemann's discoveries—that I succeeded in cracking the principal riddle of long-range economic forecasting up to that time. At least, that is what I have accomplished to the extent that success can be considered as in any sense approximately completed.

From my Riemannian standpoint, viewing the work of Vernadsky, Vernadsky's universal *Noösphere* is composed, in the appropriate technical language, of three distinct but "multiply connected" phase-spaces. These are defined, descriptively, as: the *abiotic, living*, and *cognitive*. The first of

^{6.} E.g., Lyndon H. LaRouche, Jr., *The Economics of the Noösphere* (Washington, D.C.: EIR News Service, 2001).

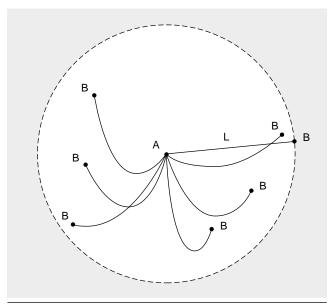
^{7.} Kant's attacks echo that of Leonhard Euler's 1761 Letters to a German Princess. The issue of method is that same which led Euler to the folly for which he was subjected to devastating criticism by Gauss's proof of the significance of that complex domain which Euler had foolishly, stubbornly insisted on disregarding as allegedly "imaginary numbers." This is the issue which separated Leibniz, Kästner, Gauss, Carnot, Monge, Fresnel, Ampère, Weber, Dirichlet, and Riemann from the axiomatically reductionist school of Euler and such of his followers as Lambert, Lagrange, Laplace, Cauchy, et al.

these three is ostensibly what is described as characteristically *entropic*, by such as Clausius, Kelvin, Boltzmann, et al. This from the standpoint of most experimental work thus far. The latter two, while mutually distinct otherwise, share the quality of being characteristically *anti-entropic*, and the latter are superior over the long sweep to the former, as Vernadsky emphasizes the geological evidence for the case of the *Biosphere*. Although the three phase-spaces are of a different essential quality of action, their effects are demonstrated by the physical result of their action. Thus, all three must be considered, equally, as experimentally defined phase-spaces of *universal physical principles*.⁸

Thus, it becomes a fundamental principle of a science of physical economy, that mankind's cooperation in applying discoveries of universal physical principles, has the effect of adding *a specific quality of anti-entropy* to the combined living and abiotic domains on which that cooperation acts. That definition then serves as a summary of the essential principle of a science of physical economy. In first approximation, that signifies *anti-entropic*, long waves of increases in the potential relative population-density of society, as measurable per capita and per square kilometer of the Earth's surface-area.

The distinction of competent modern scientific method, is typified in a crucial way by the combination of Leibniz's original discovery of the calculus, on the basis of the specifications provided to "future mathematicians" by Kepler, and the related outcome of Leibniz's collaboration with Huyghens, Jean Bernouilli, et al., in developing the implications of Fermat's discovery of *a universal physical principle of quickest time*. The implications of this principle of quickest time were drawn out to the effect of a crucial outcome, in the study of the curve known as the *catenary*. The example of the catenary, provides one of the relatively most accessible classroom examples of the difference between "ivory tower"

FIGURE 1 Generation of the Catenary



The catenary is formed by suspending a chain between two fixed points. Varying the endpoint position of the chain generates a family of catenaries.

mathematics and the mathematical physics required for comprehension of a science of physical economy.

What Is 'Physical Geometry'?

For the necessary information of the layman, the following summary exposition is supplied.

Visualize a so-called "hanging bridge," typified by a rope-bridge used as a walkway across a chasm. The "hanging-chain" form of this bridge, under undisturbed conditions, is defined by the physical-geometric form known as the *catenary*, as distinct from the ivory-tower approximation known as the *cycloid*. The physical significance of the catenary, is also effectively illustrated by the way in which the great Fifteenth-Century architect Brunelleschi constructed the cupola atop the famous Cathedral of Florence. That is the physical "secret" of the design, construction, and continued stability of that cupola.¹¹

This curve is best introduced to the classroom as a special kind of what can be readily demonstrated to be apparently motionless motion (**Figure 1**). This phenomenon of "motionless motion," expresses a boundary-condition in physical geometry. Watch the Andean villager, for example, walking

^{8.} For reference: in addition to the writings published in locations such as the book on the Noösphere, above, one should register the lectures delivered to the Moscow Lebedev Institute, in June 2001 (Lyndon H. LaRouche, Jr., "V.I. Vernadsky and the Transformation of the Biosphere," *EIR*, July 27, 2001), and my December 2001 Moscow address in memory of my friend, Russia's scientist Pobisk Kuznetsov ("Russia's Crucial Role in Solving the Global Crisis," *EIR*, Dec. 28, 2001).

^{9.} Hence my warnings against attempting to use the presently conventional notion of "energy" as the basis for physical theory. Energy, as presently, conventionally defined in design of mathematical functions is intrinsically, ontologically entropic. The fault in that popular classroom convention, is that the universe as a whole is both energetic and also characteristically antientropic. Therefore in physical economy, we must use the notion of antientropy where reductionist would write "energy." Anti-entropy becomes a standard for defining a general meaning for energy.

^{10.} This use of "long waves" should be both compared with, and contrasted to so-called Kondratieff "long waves." Kondratieff was correct in his emphasis on the importance of empirical evidence of long waves associated with the insertion of technological impetus to economies, but the reading of his work is incorrect when it avoids the philosophical "voluntarism" inherent in the actual generation and behavior of those long waves.

^{11.} This shows the incompetence of the advisors to one government of the municipality of Florence, whose folly threatened to bring about the destruction of the cupola, through proposing to fill up the holes which a prudent Brunelleschi had built into the design.

across that hanging bridge. His steps perturb the bridge, which always acts toward bringing itself back into its quiet, hanging-chain form of the action of *motion in a state of undisturbed equilibrium*. ¹² This is also expressed as the Leibniz-Bernouilli definition of a principle of *quickest time*, rather than shortest distance, as expressed in the generalization of refraction of electromagnetic radiation.

The fact is, that refraction follows what is known, since the work of Christiaan Huyghens, as an isochronic pathway. 13 This pathway, which turns out, as Leibniz and Bernouilli show, to correspond to the functional notion of the catenaryprinciple, confronts the student with the notion of a physical geometry in perhaps the clearest and simplest way. In place of the elements of a mere "ivory tower," reductionist form of Euclidean or so-called non-Euclidean geometry, the silent motion of a catenary, as defined by the work of Leibniz and Bernoulli, replaces the notion of linear space-time at the blackboard, by the physical space-time of the real universe. As in the case of Kepler's detailing the original discovery of universal physical principle of gravitation, in physical geometry, the simple lines of such ivory-tower mathematics as elementary classroom Euclidean geometry, are replaced by pathways of action. 14

Thus on this, and cohering other accounts, the Leibniz calculus is premised upon the notion of the absolute non-linearity of the infinitesimal, in contrast to the linear bowdlerization of the notion of calculus and its functions, by Euler, Lagrange, Cauchy, et al.

Most of the worst systemic blunders perpetrated in the abused name of "mathematical economics," are the result of precisely such elementary fallacies as Euler's blindly fanatical defense of the so-called "Newtonian system," as in such cases as his treatment of the differential and also his influential misdefinition of the determination of π . The silly, fraudulent *Theory of Games and Economic Behavior* of John von Neumann and Oskar Morgenstern, is an extremely perverted version of a radically reductionist, Eighteenth-Century attempt to degrade economics into radically linearized forms of "Robinson Crusoe" models. Naturally, the attempt to apply these linear models to shaping economic policy, leads to nothing but disasters for the nations influenced by the credulous dupes who rely upon such "ivory tower" concoctions in "systems analysis."

On the basis of outgrowths of the work of Leibniz et al.,

Bernhard Riemann employed the discoveries of Gauss as the basis for establishing a coherent notion of physical, as opposed to either Euclidean and non-Euclidean varieties of "ivory tower" geometry. Riemann's physical geometry, is an intrinsically anti-Euclidean geometry. ¹⁵ It is to be contrasted to forms, such as so-called "non-Euclidean" systems, such as those of Lobachevsky, Bolyai, and Minkowski, which failed because their authors sought to reconcile intrinsically reductionist forms borrowed from "ivory tower" geometry with the experimental evidence of physical functions.

In physical geometry, we replace the notion of ivory tower definitions, axioms, and postulates, by experimentally defined notions of *extended magnitude of a universal principle of action*, such as the motion inhering in the existence of Brunelleschi's use of the catenary. We replace all of the "ivory tower," reductionist notions of definitions, axioms, and postulates, including notions of space, time, and matter, by the accumulated discoveries of experimentally proven universal physical principles. We define the notion of physical functions in terms of the experimentally defined, implicitly measurable functional relationships among sets of such extended magnitudes.

The Importance of Vernadsky

Once we have introduced the notions of Riemannian physical geometries to Vernadsky's discoveries respecting the Biosphere and Noösphere, the primary basis for long-range forecasting emerges.

We assort known physical principles among the experimentally defined sets of what experimental methods define, respectively, as *abiotic, living*, and *cognitive* systems. We treat each of these three categories as what are called *phase-spaces*, signifying the open-ended set of known, experimentally validated, universal principles known to belong within that collection. Each phase-space is defined in terms of the characteristic features of itself as a whole, the characteristic features which, taken together, distinguish it experimentally from the other two.

From this vantage-point, we determine the characteristic interactions among the different qualities of such phase-spaces. The common feature of action which unites the three, is the notion of an experimentally definable universal physical principle. This common feature lies in the proof that each and all phase-spaces are defined, with equal authority, experimentally, by certain characteristic *physical effects*, as Vernadsky did this.

In other words, instead of treating the phenomena of sense

^{12.} Lecture by Bruce Director to the Schiller Institute Summer school in Oberwesel, Germany, August 2001. See also Bruce Director, "Riemann for Anti-Dummies: Justice for the Catenary," *New Federalist*, June 25, 2001, p. 8.

^{13.} Christiaan Huyghens, *The Pendulum Clock or Geometrical Demonstrations Concerning the Motion of Pendula as Applied to Clocks*, trans. by Richard J. Blackwell (Ames: Iowa State University, 1986).

^{14.} So, Carl Gauss, by exposing the hoax of axiomatic faith in a notion of the simple counting integers as the basis for number, proved the physical quality of the complex domain, thus overturning the "imaginary number" hoax of Leonhard Euler.

^{15.} The term "anti-Euclidean" was introduced to modern science by the most important of the teachers of Carl Gauss, Göttingen University's Abraham Kästner. Leipzig-born Kästner, among his other roles as a leading "polymath" of the Eighteenth Century, dedicated his life to defense of the legacies of both Leibniz and J.S. Bach, and was the teacher of Gotthold Lessing and the pivotal figure behind the launching of the German Classical revolution of Lessing, Moses Mendelssohn, and their followers.

perception as reality, we treat such mere phenomena as effects of man's physical relationship to a universe which actually exists as if "outside" the reactions it induces in our sense-organs. As Plato expresses this famously in his allegory of the Cave, what sense-impressions present to us are like the shadows cast on the irregular surfaces of the walls of a dimly fire-lit cave. Science begins with Plato's insight into that problem.

We must discover what is reflected as those shadows we know as "sense perceptions." We must overcome the ignorant prejudice which tends to prompt persons to project a literal, "ivory tower" sort of reading upon such shadows, as the reductionists do. We must discover the universally reliable principles, such as Kepler's original discovery of universal gravitation, or Fermat's discovery of a principle of quickest time, which define an efficient, practical connection between our actions on the universe and, the changes induced in the shadowy effects the universe provokes in our sense-perceptual processes.

To that end, we divide our categories of action into the three phase-spaces: 1.) experimental actions of a type attributable to an experimentally defined abiotic universality; 2.) experimental actions attributable to a principle underlying the universality of living processes; and, 3.) experimental actions attributable only to the principle underlying the form of *noësis* specific to the human species. That done, we must next explore the universality of the interactions among these three categories of phase-spaces. The outcome of those steps is the preliminary basis for constructing a Riemannian physical geometry of the type corresponding to a physical economy.

That much accomplished, the next step is to examine the primary functional relations among the three phase-spaces, as those functions may be apprehended by human cognitive functions.

Vernadsky already emphasized that although the action of living processes on the ostensibly abiotic Earth is relatively very slow, compared to the relative immediacy of reactions on the living from the ostensibly abiotic, the Biosphere exerts a cumulatively powerful effect of induced changes upon what experimental design defines as the functionally abiotic phases of the Earth's existence. He points to a similar long-range efficacy of improvements in the Biosphere effected by the impact of cognitive discoveries and application of universal physical principles. Consequently, either following Vernadsky, or extrapolating along the same lines of inquiry, we have two primary considerations leading to a certain general classification of the functional characteristics of relations of these interrelations among phase-spaces to the universe

In this configuration, it is clear that the ostensibly rela-

tively weaker, ostensibly marginal characteristics of living processes, when considered over the long term, dominate what the short term presents as the ostensibly more powerful abiotic principles of action. Similarly, the principles of cognition, which, as the man-eating tiger pointed out to the man, are apparently weaker than non-cognitive aspects of the human biology in the short term, are stronger forces in respect to changing the "ecological" characteristics of society in the longer term (as the man with the rifle explained to the unhearing ears of the dead man-eating tiger).

The functional notion of *time* as such is shifted, from simply counting-numbers of clock-time, to the notion of relationships among the time scales, such as the ratio of abiotic to Biosphere cycles, and the relations among abiotic phases, the Biosphere, and effects of cognition on increasing our species' potential relative population-density with respect to cyclical trends within the abiotic universe and Biosphere in general. This departure from a naive reading of the counting numbers should follow Gauss's treatments of the matter, in both his *Disquisitiones* and his definition of both algebraic functions and the general principles of curvature.

Add to that, the following. Since unfathomed depths of ancient pre-history of mankind, it is mankind's observation of the stellar universe, and the cycles within the Solar System itself, which have defined even all those important ancient and even pre-historic calendars which society has used to regulate its internal affairs, and for astronavigation within and among the oceans of the world. The case of Kepler's actions establishing the foundations of modern comprehensive mathematical physics, is to be appreciated as an echo of the most ancient rudiments of science-ordered cultures.

Our notions of space and matter are presently defined by the realization that the space of our universe is not only extended into what seems to be the infinitely large and also the infinitesimally small. These extremes are not only notions of spatial relations, but involve the increasing realization, today, that as we go deeper into the submicroscopically small, the apparent characteristics of physical action and interaction change, in the same general sense as Wilhelm Weber's proof that, within the very small, the apparent effect of the so-called "Coulomb Force" is reversed, in a way which makes the existence of the universality of nuclear fusion "possible." Indeed the very existence of distinct microphysical elementarities, as distinct from merely local zones of probability (or, "improbability") signifies that the nature of "matter" must be situated, as a functional conception, within a "monadology" of functionally defined existences in the very small.

In general, therefore, economic processes can not be competently defined in terms of extrapolating from local examples in local space-time, but must, like the Leibniz calculus, define the functional meaning of, the outcome of, the local change, in terms of long-ranging cycles in space and time, just as Kepler made the original discovery and definition of the principle of universal gravitation.

For this latter purpose, the general notions of both rela-

^{16.} Naturally, strictly speaking, the sense-organs exist within that universe, but, we must treat them, in first approximation, as outside the universe as universe is defined naively by those poorly educated people who are, by far, the most numerous throughout this planet today.

tions within a three-phase-space universe, and the galactical settings of those relations, must be employed to understand what we should recognize as the medium- to long-range cycles in economy, and the consequent significance of those willful changes in those cycles, which we are able to introduce through changes introduced in the small.

2. Practically Applied Economics

The most immediate practical reflection of the general scientific considerations just summarized, is the applicability to economics of the notion of *characteristic* values. This is the form of that notion derived, most immediately, from the argument of Riemann's celebrated 1854 habilitation dissertation. This notion is key to understanding the practical implications for the U.S. and world economies, of a cultural-paradigm shift, from the notion of a "consumer society" inhering in that delusory belief in "free trade," which has ruined the economies of the Americas and Europe, and back to that contrasting notion of a "producer society," inhering in the relatively successful, pre-1965 policy of "fair trade."

The applicable notion of *characteristic*, is the notion of a characteristic relative *curvature* of a definable physical space-time "geometry." This can be read, for the practical purposes of applied economics, as the variability of the effect of what is apparently the same quality and quantity of productive action, in one economy, as compared with the effect of that same apparent quality and quantity in another. This means, for example, that the same person, performing the same production action in one economy, will have a different net effect on the total economy than in another. This difference is broadly attributable to the notion of relative curvatures of the differences in "physical space-time" between the situations represented respectively by two cases.

The most obvious examples of the origins of such differences, are differences in basic economic infrastructure, cultural development of the labor-force, even the climate, and so on. A society with abundant energy, is more productive than one without. A society which relies on energy-generating sources of higher energy-flux density, will be able to become far more advanced technologically. A society which produces high-efficiency forms of chemical fuels, as a by-product of operations of high-energy-flux-density power-generating facilities, will be far more productive than one which transports fuel into localities over long distances.¹⁷ A society

within efficient mass-transit networks, is more efficient than one which substitutes highway-transport for mass-transit. The density of supply of potable and otherwise usable water, is a leading boundary condition affecting the relative *characteristic* of the economy.

The principle to bear in mind in comparing "free trade" to "fair trade," is the principle, that the value of the action lies not merely in the action itself, but in the situation in which it is located. The difference between a "free trade" and "fair trade" economy, is such a determining situation. This is a matter of *characteristics* of national economies as coherent processes. The object of national economic policy is to establish a form of economy with increasingly higher such *physical-economic characteristics*.

There is another type of determination of that economy's characteristic productivity. The conflict over the choice of "free trade" or "fair trade," typifies this kind of difference in effect.

Thus, the difference between successful growth and apocalyptic disaster in an economy of otherwise similar technology, may lie in the choice of employed, or excluded "protectionist" and related measures by governments. The catastrophic outcome of "free trade" doctrines for the U.S. economy, as contrasted with the successful "fair trade" trend of 1933-1964, is an example of this.

Electronic Intelligence Weekly



An online almanac from the publishers of **EIR**

Electronic Intelligence Weekly

gives subscribers online the same economic analysis that has made *EIR* one of the most valued publications for policymakers, and established LaRouche as the most authoritative economic forecaster in the world.



EIR Contributing Editor, Lyndon H. LaRouche, Jr.

Issued every Monday, *EIW* includes:

- Lyndon LaRouche's economic and strategic analyses;
- Charting of the world economic crisis;
- Critical developments ignored by "mainstream" media.

\$360 per year Two-month trial, \$60 For more information:

Call **1-888-347-3258** (toll-free) VISIT ONLINE:

www.larouchepub.com/eiw

^{17.} For example, consider the significance of the ratio of the cost of transport to the value of that which is being transported, or the cost to the employee, the employee's family household, and the society of increasing the cost and lost time incurred by increasing the average commuting-time to and from a place of work. Shipping raw materials around much of the world, is inherently wasteful. The preferred general rule should be that processed, "worked-up" raw materials should be those usually shipped from the place of their extraction; thus, efficient mass transit, especially transit within the framework of "development corridors," should be general infrastructure policy. Any contrary policy lowers the productivity of the economy.

Capital Cycles

For reasons which should be implicitly obvious from what is written above, the general level of economic potential of a society is determined, prior to considering the superimposed, relevant monetary-financial system, by its degree of effective increase of the *physical*, *not financial*, capital-intensity of its total environment, per capita, especially in the domains of basic economic infrastructure and the design and production of physical goods.

Once again, this means the physical capital-intensity of investments, not necessarily the financial ones. In fact, as the recent thirty-odd years' experience shows, the trend of increasing emphasis on "free trade" over that period has been to increase the per-capita financial-capital concentrations by means of looting the real capital investment virtually into rubble. The chief cause of the world's present monetary-financial and economic collapse has been this trend, as shown in my Triple Curve summary of this, in cannibalizing physical capital to provide stimulus for the hyperbolic inflation of financial capital (**Figures 2-5**).

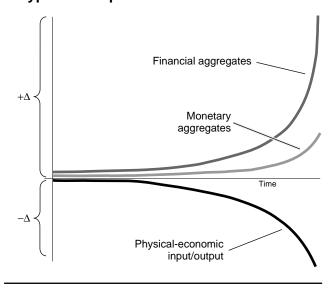
The first of these four charts was first circulated at the close of 1995, as a portrait of the then continuing pattern of shifts in ratios of net physical output, monetary growth, and increase of nominal financial accumulations since approximately the savage cuts in the Kennedy space-program, during U.S. fiscal year 1966-1967. The second shows the effect of a shift in the pattern which hit the U.S.A. in particular approximately Spring-Summer 2000, at which the amount of monetary expansion needed to prevent a collapse of the financial sector, was greater than the amount of the financial values being "bailed out" by monetary pumping. This represents a cross-over like that which occurred in Weimar Germany during June-July 1923, the point at which the monetary hyperinflation erupted, bringing Germany's currency to a state of collapse four to five months later. The third and fourth figures show the actually reported figures for the recent period, including the evidence of the cross-over effect, from slow inflation, to hyperbolic hyperinflation.

These charts illustrate dramatically, the fatal error of continuing the management of a national economy according to the yardstick of a notion of "shareholder value" premised on a financial market for shares and kindred nominal assets. The charts illustrate the fact, that the attempt to maximize the financial shareholder value, results, inevitably, in the destruction of the physical economy on which the financial market-economy's continued existence depends. This is the lesson which should have been learned from the Weimar Germany hyperinflation of 1923. It is the painful lesson being taught to the Bush Administration, and many others, right now. Harvard's late Professor Santayana would understand.

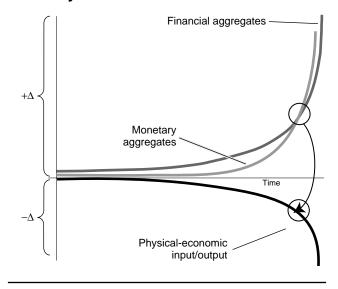
Conversely, this illustrates the point, that had "free trade" policies not been in effect, instead of the pre-1966-1971 protectionist policies, the present collapse of the U.S. physical economy could not have occurred. High rates of taxation, and related regulatory measures, which give preference to capital

FIGURE 2

A Typical Collapse Function



The Collapse Reaches a Critical Point of Instability

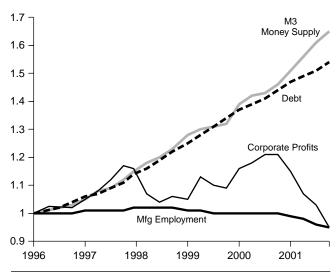


improvements in physical productivity, over purely financial capital gains, would have "herded" capital flows into areas which are beneficial, and away from the disaster built up, especially, since President Nixon's fateful folly of August 1971.

Government responsibility for basic economic infrastructure, and minimum-wage requirements, expresses the same principle.

Without mass-transit, stable prices of more than merely

The U.S. Economy's Collapse Function Since 1996

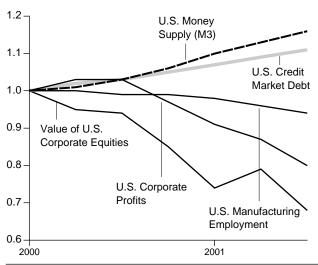


Source: EIRNS.

FIGURE 5

U.S. Economy's 'Triple Curve' Collapse Function, 2000-2001.

(Indexed To 2001/1Q = 1.00)



Sources: U.S. Department of Commerce, Federal Reserve.

adequate energy-supplies, and large-scale water management and sanitation, the real productivity of the so-called private sector would collapse. Without "fair price" policies, which protect investments into medium- to long-term capital investments in capacity, relative physical productivity, and product quality of categories of production and distribution, the rate

of investment will be either inadequate to realize productive potential in the private sector, or will lead to a collapse in essential investment in production. Without minimum-wage ("fair wage") requirements, the quality of labor-force needed, will neither be produced, nor maintained. Infrastructural investments in a successfully growing modern economy, range in the order of about half the total investment, much of either by national, regional, and local governments combined, or by public utilities regulated by those governments.

Public investments in such areas of basic economic infrastructure as education and health-care systems, especially the institutional features of the latter, are crucial. These measures at various levels of government, as supplemented by necessary regulation of the financial flows within the private sector, are the indispensable, global features of economy which largely determine the relative characteristic effects of action by local private entrepreneurial and other interests.

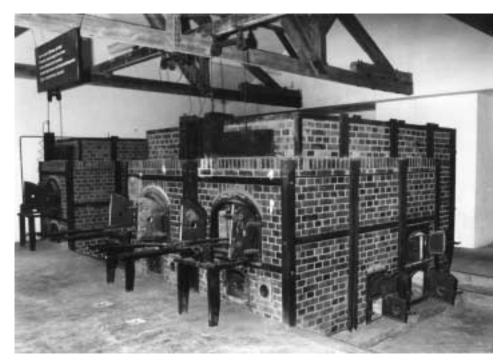
The contrary, "free trade" practices, are argued from the following, pathological standpoint.

The "free trader's" argument proceeds from the pathological presumption, that the national product of an economy is the sum of the financial income of the sum-total of the combination of private enterprises plus incomes of the population from other sources, including payments of wages, salaries, and social benefits, by government agencies. Worse, it is also proposed, that the national productivity is determined as the ratio of the total financial profit of private enterprises, to total expenditures by the economy as a whole. Therefore, the systemic slaughter of a large portion of government employees, the unemployed, and welfare recipients, would be viewed as a source of improvement in national productivity. We saw the latter such practices carried into action with Adolf Hitler's precedent for his war-time death-camp system, with his own, 1930s, HMO-like health-care policy respecting "lives not worthy to be lived."

So, we have the lunacy of the recent decades, since Brzezinski's tool President Carter, especially the madness which took over during the 1990s, in which the majority of the Congress cared almost nothing for the real economy, but only for "the market" from which the largest sources of campaign contributions were anticipated. The way in which the Congress complicitly created the deregulatory environment in which the Enron bubble was crafted, is typical of "free trade" pathology carried to its implied extreme.

Dupes have argued that such "free trade" practices are "solid capitalist principles." That opinion is pure fraud. Treasury Secretary Alexander Hamilton, like all other well-informed proponents of the American System of political-economy, warned against exactly such fraud. The promotion of the creative powers of the individual members of society, is the overriding imperative of policies consistent with the American System of political-economy.

It is, primarily, the medium- to long-term cycles, defined as cycles of development and attrition, which are expressed



Gas ovens at the Dachau concentration camp. According to the free trader's argument, LaRouche writes, "the systemic slaughter of a large portion of government employees, the unemployed, and welfare recipients, would be viewed as a source of improvement in national productivity. We saw the latter such practices carried into action with Adolf Hitler's precedent for his war-time death-camp system, with his own, 1930s, HMO-like health-care policy respecting 'lives not worthy to be lived.' "

as what should be the leading features of capital cycles considered in policy-shaping. The typical definitions of long-ranging cycles relevant to presently urgent considerations of policy-shaping, are two half-cycles, each of approximately a quarter-century span, each of which corresponds to the lapse of time required to transform one of today's newborn infants into a biologically mature young adult qualified to undertake a professional career. We must pay out for the development of that new individual, during much or most of the first quarter-century, and should anticipate recouping the investment in that development made during the first quarter-century, during the second. That two-phased capital cycle, of approximately fifty years range, is the proper, primary basis for economic policy-shaping under the constitutional general welfare principle of our Federal republic.

Among the most crucial fallacies of accounting practice, is the *post hoc*, *ergo propter hoc* delusion, that a list of the items in the consumed bill of materials and process sheets, have been the cause of the physical and financial output of the enterprise in question. Typical of the lunacy with which such delusions have been applied to assessing national net product during the recent thirty-odd years, has been disregard for the uncounted, but actual costs buried in the category of attrition of earlier improvements in basic economic infrastructure. The general, foolish presumption of the apologists for such "fiscal austerity" plundering of wealth being depleted, is that if the bridge did not collapse immediately once the maintenance is discontinued, the result is a cost-saving to be merrily added to the "bottom line."

The nation has lately been presented, more and more, with the unpayable accumulation of unpaid bills from the

production of the past. Our nation has not reproduced the preconditions on which past production of wealth has depended. On this account, financial accounting methods have been essentially fraudulent, and increasingly so as the unpaid such bills to the account of "fiscal austerity" pile up.

All other significant cycles of the economic process are to be gauged against that primary, approximately fifty-year cycle. At this point, focus our attention on two crucial aspects of the physical-economic process: the proper meaning of "entrepreneur," from the standpoint of the American System; and, the role of the technological composition of employment of the total labor-force. Both of these issues have been addressed in my "Economics: At the End of a Delusion." Is focus on certain features of those matters bearing directly on the matter of "fair trade" issues.

Entrepreneurship and Creativity

The principal cause for the failures of socialist economists and governments, is that widespread abhorrence of philosophical "voluntarism" traditional to those circles. For precisely such reasons, small or mass-based socialist parties tend to be dominated by the suffocating weight of the "bureaucratized" intellectual mediocrity inhering in anti-"voluntarist" emphasis on "historical objectivity." A different form of expression of exactly the same net failure in performance, is typical of the large corporate "shareholder" enterprise, when its performance is contrasted with the greater alacrity of the private enterprise which is dominated by considerations of

18. EIR, Feb. 22, 2002.



The general, foolish presumption of the apologists for "fiscal austerity" plundering of wealth being depleted, "is that if the bridge did not collapse immediately once the maintenance is discontinued, the result is a cost-saving to be merrily added to the 'bottom line.'" Here: the result of fiscal austerity in West Virginia.

entrepreneurial mission. I mean "mission" in the sense of military, or scientific mission-orientation.

The best choice of model of reference for defining the role of the true entrepreneur in the national economy is the following. Look at this case by comparing him, or her, to the junior officer or non-commissioned officer of a well-trained and well-led military force, who understands the difference between the mission assigned to him, and his, or her obligation to develop the specific tactical approach suited to the local situation in which the intent of the mission is to be realized. The best aspects of the military tradition in the German military since Gerhard Scharnhorst's reforms, the leadership of "Old" Moltke, and of Lazare Carnot for France, merely illustrate the point.

This is, not accidentally, the source of the superiority of a military force based on universal military service and a reserve system, over the replacement of universal military service by those so-called "professional" armies which tend to degenerate, internally, into utopian parodies of the old Roman legions at their worst. It is by drawing into military service the portions of the population with the greatest relative inclination and capacity for science-driven, Classical culture-driven, and kindred mission-orientations in life in general, that the quality of the military force as a whole is honed to the high quality which Carnot and Scharnhorst sought with their epoch-making reforms.

Look at the point of coincidence between the military mission-tactics, and the function of the science-engineering-oriented entrepreneur in the national economy.

The general promotion of increase of the productive powers of labor in the economy as a whole, depends largely on

the functional relationship between the section of the economy best conducted by government, basic economic infrastructure, and a private, science-technology-driven entrepreneurial sector. The former is responsible to create the conditions required for the functions performed by the latter, and the latter is to provide the realized increase of both the qualitative and quantitative increases in the productive powers of labor for which the development of infrastructure (the "situation") is indispensable.

The crucial factor in entrepreneurship, is typified with a certain exceptional excellence, by the role of the scientific mind in the tradition of Leonardo da Vinci, Kepler, and Leibniz. It is these qualities of the individual mind, and nothing else, which are the source of the general improvement, and the productivity of society. Society must be organized, therefore, to promote that specific

quality of benefit to the present and future generations of the society as a whole.

The crucial difference between the large industrial and kindred corporation, and the technologically progressive entrepreneurship, is that the large corporation, at its relative best, is an instrument for mass production, whereas the entrepreneurship is the portion of the business community which is committed to scientific and technological progress in designs of products and productive processes, for their own sake. At its typical worst, the large corporation is an absentee landlord, whose zeal for milking the cow today, outweighs the improvement of the herd for tomorrow. Moreover, in modern economy, the large corporation, even at its best, would fail in its mission, without the role of many progressive entrepreneurships as its own crucial vendors.

In the exception which might seem to disprove the rule, we find the corporation which has accepted a special mission, which it then delegates to an entrepreneurial-like team within its structure. U.S. military development and space programs, are typical of some of the best of these cases. The corporation is, therefore, sometimes successful almost despite its character as a shareholder-controlled (i.e., Wall Street financier-controlled) entity.

In the second example, as I have emphasized in "Economics: At the End of a Delusion," the upgrading of the technological composition of employment of the labor-force, to increase the relative numbers of scientists, engineers, and technologically highly-skilled machine-tool-grade and kindred operatives in the labor-force, complements the role of the effective entrepreneur in increasing the rate at which technological progress is effectively expressed in the improve-



A small-scale experimental plant for making a new, high-quality liquid fertilizer. The upgrading of the technological composition of the labor-force, complements the role of the effective entrepreneur in increasing the rate at which technological progress is expressed in the productive process.

ments of designs of products and productive processes.

It is the fostering of the increased rate of discovery of universal physical principles, and the application of those principles, as technology, which, alone, enables society to maintain and increase its potential relative population-density. That is the only true source of physical-economic margins of profit for the economy considered, over the longrange, as a whole. It is those small changes, effected during shorter intervals, which introduce new cyclical factors of technology into the productive process, which are the direct source of improved and continued profitability of the economy as a whole.

It is providing the infrastructure needed to establish the situation appropriate to successful attempts at applying factors of technological progress, which will determine, chiefly, whether the effort of the producers succeeds or fails, either relatively, or even absolutely.

However, there are two other decisive factors embedded in that process just so summarized. One is the role of monetary-financial-taxation systems. The other shifts our attention to a matter of principle which was not taken into account in Vernadsky's definition of the Noösphere, the characteristic economic role of social relations as such within the population.

3. Pricing and Finance As Situational

Begin the discussion of that matter of social relations with some leading illustrations, and then employ those cases to aid us in focussing on the matter of the underlying principle as such.

When a long-term loan is issued to a nation for some project, the true cost of the loan must include the accumulation of consistently defined debt-service charges over the economic half-life of the project as a whole. In general, the experience has been, that when long-term loans are within a range of between 1 and 2% rates of simple, uncompounded interest accumulations, and under conditions in which the parities among the currencies used do not change appreciably, valid investments in basic economic infrastructure and production projects are manageable forms of international and domestic loans for purposes of physical-capital formation.

However, if currency values fluctuate, if interest-rates rise, for that or other reasons, what began as an effective program of lending, launched for the ostensible purpose of economic development, may be transformed into a predatory form of financial parasite. This kind of transformation was characteristic of the new situation of outstanding debts of the nations of South and Central America, among others, following Nixon's August 1971 actions, and emphatically the case after 1977-1982 developments within U.S. policy toward Argentina, Mexico, and Brazil.

One report of such typical results of decadence in international financial policies, is the description of a predatory system of international loans, by former U.S. State Department specialist Herbert Feis. This phenomenon has been one of two principal reasons for the worse-than-failure of the policies and performance by institutions such as the International Monetary Fund and World Bank during the recent thirty years.

That choice of upper limit on allowable rates of charges on international and domestic infrastructural and related development loans, is relative, not absolute. However, it corresponds to the typical rates of patterns of growth in the relevant investments which were achieved during the past century's experience, and must be accepted as representing a kind of approximate barrier to rises in debt-service costs to borrowers, of lending and investments of money and credit, for that reason, if no other.

There has been a second, uglier feature for the moral failures of IMF and World Bank practice since 1971. Only typical of this: under the Nixon and Carter administrations, the U.S. and other governments and related institutions, have followed

the policies which the Venice faction's Giovanni Botero had introduced, in an English translation, to James I's England. Agencies such as the IMF and World Bank, adopted a neo-Malthusian policy of using the leading monetary and financial systems under control or influence of leading governments, to increase the mortality rates in regions of the world. This pro-genocidal policy was emphasized in the case of sub-Saharan Africa, but was by no means limited to Africa.

During his tenure as President Nixon's National Security Advisor and Secretary of State, Henry A. Kissinger was explicit on stipulating that Malthusian intent for U.S. and other nations' policies. The same trend was continued under Brzezinski's President Carter, as typified by the radically neo-Malthusian Global 2000 policies presented after the resignation of Secretary of State Cyrus Vance.

A similar consideration confronts us as the challenge of "fair trade" policy-making. When a minimum price-level is set on a class of production, the intended effect should be to ensure that a financial margin for replenishment and accumulation of financial capital is built into the producers' and distributors' price at which an estimated volume of the product is sold. This can be accomplished through "fair price" policies, or by "fair trade" tariffs, or other measures to kindred effect. A similar purpose is served by health-and-safety regulations, and regulations to ensure quality of product. Taxation policies can be designed to similar effect, as the Kennedy investment-tax-credit policies illustrate the point.

Such physical-capital accumulation is the form in which the accumulation of medium- to long-term *physical* capital is built into national policy. Such dirigist measures not only favor certain forms of financial accumulation. These are also means for steering such financial accumulations into creation of production-related physical capital. The latter is typical of the indispensable measures by means of which government, or government-blessed private practices, steer financial flows through the economy in such a way as to promote both physical capital accumulation and the scientific and technological progress which such capital accumulation encourages.

For related reasons, a relatively fixed-rate international financial system, such as the gold-reserve-standard system operating during the first two post-World-War II decades, is indispensable for promotion of both domestic and international capital investment, and the increased trade, technological progress, and increase of productivity, which such measures make possible.

By themselves, such protectionist measures do not raise the level of performance of economies fully to the degree which might be achieved through available levels of technological development. Therefore, the addition of special, largescale science-driver programs, such as an aggressive program of development steered by mission-oriented space and related programs, is sometimes indispensable, to drive the rate of scientific and technological progress to the levels needed, for example, to catch up for the attrition of the recent thirtyodd years.

In general, economies do not progress, or, at best, not very much, unless they are dominated by mission-oriented policies of the quality and type associated with great projects. These must be, necessarily, largely undertakings by government, or concerted action by governments. Otherwise, although the benefits to the private sector are enormous, the programs will not be raised to presently desired levels of performance without a leading role of government in sponsorship and participating in such projects.

The rate of realized benefit from the introduction of improved technologies of practice by entrepreneurs, is limited by the rate and direction of changes in the local, regional, and even international economies and their markets, in which those enterprises are operating.

One outstanding example of this is the case of the Tennessee Valley Authority project, launched by and under President Franklin Roosevelt. The leading achievements of local enterprises in that region, small and great, depended upon the government's initiative in making those local innovations possible.

The highest rate of growth of potential point-of-production productivity in the U.S. economy during the post-war period, occurred, during the period into the mid-1970s, as a side-effect of the Kennedy-boosted commitment to a targetted landing of man on the Moon. The savage cuts in the space program, which had begun during 1966-1967, prevented a continued generation of such benefits much beyond that. The savage anti-technology policies under the administration of Brzezinski, Carter, and Alan Greenspan's predecessor, Federal Reserve Chairman Paul Volcker, ruined and reversed, and have continued to reverse, to the present day, all of the trends toward progress in agriculture, industry, infrastructure, and the conditions of life of the lower eighty percent of U.S. family-income brackets, which had been set into motion over the 1933-1964 interval and slightly beyond.

The general level of education in the population, which tends to determine what is possible by enterprises operating that market, is one example of this. In better decades past, local entrepreneurs would be among those campaigning for, and aiding programs of improved education in schools and universities, and in adult education. These efforts addressed changes which could not be accomplished by individual enterprise alone, but required action taken through government's unique qualifications, means, and responsibility for changing the situation in the society at large.

^{19.} Della Ragion di Stato (1589).

^{20.} National Security Study Memorandum 200, "Implications of Worldwide Population Growth for U.S. Security and Overseas Interest," Dec. 10, 1974, was a classified report, authored under the personal direction of then-National Security Adviser Henry Kissinger. It characterized the growth of population in 13 Third World countries as a national security threat to the United States. NSSM-200 was declassified in 1990. For excerpts, see *EIR Special Report*, "The Genocidal Roots of Bush's 'New World Order,' "May 1992.

Therefore, government must be induced to assume its role of leadership in such actions. Programs such as "crash program" efforts in the nation's space-exploration and related developments, as in public-health matters, are indispensable. The foolishly abandoned, former Hill-Burton law, is an example of such a show of responsibility for leadership by government. As in that case, government must often act to make effective cooperative efforts otherwise undertaken by private and local initiative.

The same principle would be expressed by introducing a revolution in public and higher education, reversing the trends in educational policy and practice of the recent forty-odd years. Education, when intended to bring the future citizenry as a whole up to a mission-defined standard of scientific and technological progress, and related goals, has within it many of the contributing features required for such science-driver projects as a mission-oriented space program.

The essential thing about such urgently needed reversals of three decades of corrosion in educational policies of practice, is that a Classical humanist education, which is one premised chiefly on the student's replication of original discoveries in science and Classical art-forms, defines the relations of the student to education, teacher to student, and student to student, as a quality of social relations which is essentially cognitive, rather than the quality of learning better suited to lower forms of life. It is that standard for social relations, and for the relationship of persons to ideas, which is the essential kind of underlying form of protectionism upon which the desired progress of the economy, away from present trends into decadence, is fostered.

Liberally Sponsored Insanity

The chief opposition to those elementary principles of political sanity in U.S. national economic policy today, is typified by the combined fanaticism of, on the one side, those present-day Republicans who began their present phase of metagenesis as self-styled Democratic Party "boll weevils," and, on the other side, the Democratic Leadership Council cult of sometime Vice-President Al Gore, who represent, in fact, the virtual "boll weevils" which now-Senator Phil Gramm left in the Democratic Party as "stay-behind" agents of the same neo-Confederacy, Nashville Agrarian-like philosophy as his own.

This liberal-economic fanaticism, whose effective characteristic is that of a kind of politically infectious mental disease, is often presented as the gut-instinct irrationalism of the typical American populist. This populism, to which the appeals of Milton Friedman, Phil Gramm, and kindred pitchmen are chiefly directed, is fairly described as a rather popular, fraudulent misconception of "freedom."

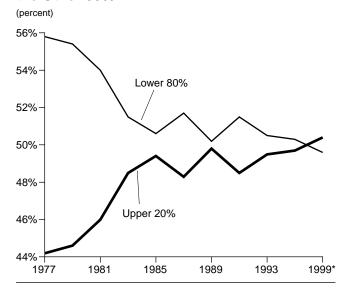
The typical, fraudulent defense of economic and political anarchy, of the hard-boiled, fanatical American populist, is the false charge, that it is government intervention "from the top" which is the cause of all of the afflictions suffered by the underlings of society, such as themselves, at the bottom.

Naturally, such notions of anarchic freedom have provided the chief sources of mass-recruitment to fascist and fascist-like movements and governments over the course of modern history since the July 14, 1789 hoax known to history books as "the storming of the Bastille."²¹

The chief populist rallying-cry on behalf of the repeated ruin of our nation's economy, has been the argument that it has been government intervention per se which has caused the repeated ruin of the proverbial "little man." This sophistry has been, ironically, a principal cause of the ruin of the conditions of life of the real-life "little man" in general, not the purely fictional "little man" of the populist's Romantic, pagan-religious mythology. The curve showing the catastrophic collapse of the share of U.S. national income of the lower eighty percent of U.S. family-income brackets since the 1977 inauguration of the Brzezinski-Carter regime (**Figure 6**), is typical evidence of the fraudulent character of the radically

21. Our French friends do not like to hear this said, but it is true. As a second step (supplementing the influential follies of King Louis XVI's wife) in the sabotage of the new French constitution for a U.S.A.-modelled, monarchical republic, was the organization of the hoax known as the July 14, 1789 "storming of the Bastille," a hoax organized by joint efforts of two agents of influence of the British Foreign Office, the King's rival the Duke of Orléans ("Philippe Égalité"), and former French Finance Minister, Lausanne's Jacques Necker. The Duke had been a key political and freemasonic adversary of Benjamin Franklin in France. Necker had been, and was an asset of the British East India Company's Lord Shelburne, and his daughter, the notorious Madame de Staël, was at the center of a gossip-circle controlling Queen Marie-Antoinette's entourage from the inside. The storming of the Bastille was staged by Orléans as an election-campaign rally for the candidacy of Necker to become Prime Minister of France. The inhabitants of the Bastille had been the guards—whose killing prevented any among them from reporting how the incident had been pre-staged-and a collection of certified lunatics which the mob transported dutifully to the mental hospitals to which they had been awaiting transfer while in the Bastille. The whole affair was, like the French Terror, organized from London, by the head of the Foreign Office's "secret committee," the predecessor of MI6, the same Jeremy Bentham whose rise to power was the work of his patron Lord Shelburne. Shelburne was the relevant official of Barings bank, the bank of the British East India Company, and was also the chief paymaster of the British Parliament, and, allegedly, King George III, too. Poor Marie-Antoinette, the sister of Austria's reformer Leopold II, had been the target of a Venetian network's "Watergate"-style operation known as "the affair of the Queen's necklace," after which she, and her brother Joseph II, were never quite the same. As in this case, history, such as the history of France, would turn out much better, if silly myths, such as that of the Bastille, did not addle the minds of Frenchmen and others. To trace out the antecedents of this, one must look back to the interval 1782-1783, while Shelburne was Prime Minister of Britain. It was at that time, that the secret peace-intentions between the U.S.A. and Britain, on the one side, and Britain and France, on the other, were negotiated by Shelburne. It was the "free trade" conditions introduced by Shelburne, with the complicity of Physiocrat Turgot et al. on the French side, which had led to the French monarchy's financial crisis of 1789. Shelburne asset Necker had been a key figure in this self-ruin of what had been the most powerful economy in Europe, that of Louis XVI's France. An operation similar to that of Shelburne's shoving "free trade" down the throat of France, was repeated, with great success, in the successful, extremely liberal ruin of the economy of, first, the Soviet Union, and then Russia, by the ideologues of the British Mont Pelerin Society. A similar success, has been the ruin of the U.S. economy by the "free trade" fanatics controlling the governments of Henry Kissinger, Zbigniew Brzezinski, et al.

FIGURE 6
America's Richest 20% Now Make More than the Other 80%



*Projected Sources: Congressional Budget Office; *EIR*.

right-wing populist argument against the constitutional obligation of the Federal government to promote the general welfare.

It should not be really astonishing to recall, that "Contract on America" fanatic, and radical populist right-winger Newt Gingrich, explained his doctrine of government as following the model of the most wild-eyed of the French revolutionaries of 1789-1794. Nor is it irrelevant to take note of the roles of Newt Gingrich, Al Gore, and Alvin Toffler, in Brzezinski-Carter-Presidency-era promotion of the ultra-ultra-right promotion of virtual outer-space flight, without benefit of space-ships, into a U.S. Revolution in Military Affairs. Al "You Know How Ah Gits When Ah Don't Git Mah Way" Gore was just as nasty a potential fascist dictator as his co-thinker and accomplice Newt Gingrich, but a floundering and bumbling political and scientific illiterate, when compared with the inherently more dangerous, cleverer, picaresque revolutionary populist, Gingrich.

One should be startled, but not really surprised to discover that these populist, or so-called "liberal" economic dogmas of opposition to the U.S. Constitution's general welfare clause, have, like Gingrich, Gramm, and so on, a record of being "right-wing," or turn out to be fascists. Such were the English followers of the Malthusian dogmas of Botero as Thomas

Hobbes, John Locke, and the pro-satanic Bernard Mandeville. Today, such apostles of liberal economic theology as the Mont Pelerin Society, Heritage Foundation, American Enterprise Institute, and others, base their doctrines of law in general, and economics in particular, on a Hobbesian principle of universal mortal conflict. This is a doctrine cohering with the doctrines and practices of those Roman imperial legions who have served as modern models for fascist states and military doctrines, from the first modern fascist, Napoleon Bonaparte, up to the present-day U.S. utopians of the "revolution in military affairs."

Those liberally fascist and kindred populists, stand upon a virtually Nietzschean form of such "each in war against all" dogmas, as their Nintendo game-player's sort of demand for "freedom" to do as they please, perhaps at Columbine High School, or elsewhere.

They stand upon their pervert's notion of the nature of the individual and of freedom, and often base their arguments on Tory-like attributions made to precedents of the law of our nation's original British adversary. They are, therefore, often embittered adversaries of even the mere memory of such hallmark American heroes as Cotton Mather, Alexander Hamilton, Thomas Paine, John Quincy Adams, Abraham Lincoln, Frederick Douglass, and Franklin Roosevelt. They tend to be sympathetic to the pro-satanic logic of Physiocrat François Quesnay's doctrine of *laissez-faire*, and, almost without exception, the pro-satanic doctrine of "free trade" which the owners of Smith, the British East India Company's slavetraders, upheld as Smith's plagiarism of Quesnay's doctrine.

Therefore, we are obliged to say that they interpret the putative name of "freedom" most liberally, or, to be plainer-spoken, most ferally.

In opposition to those radical empiricists, modern civilization is based on a principle of cooperation, known by such typical names as "the general welfare" or "the common good." As the fundamental law of our republic is stated within the Preamble of our Federal Constitution, in opposition to the right-wing, implicitly fascist Preamble of the Constitution of the Confederate States of America, the United States is prohibited from making any law, or conducting any related practice which is a violation of the principle of promoting the general welfare of all living persons and their posterity. Our Constitution is often violated, by the Congress and by the Federal Court, but there is no act of law in violation of that principle which should not be nullified on that constitutional account alone.

This notion of the general welfare is no mere slogan, no impulsive choice of rhetoric. There is a very deep principle involved: nothing of less consequence than the absolute distinction between the human species and the inferior, animal species. It is the point of difference in principle between mere Biosphere and the higher Noösphere.

This observation returns our attention here to what I have referenced here earlier, the two matters on which my work differs from that of Vernadsky: the social processes of cooper-

^{22.} On Jan. 20, 1995, Speaker of the House Newt Gingrich equated himself with Robespierre and Danton, in a speech to the Republican National Committee in Washington, D.C. See Lyndon H. LaRouche, Jr., "Scalia and the Intent of Law," *EIR*, Jan. 1, 2001, p. 60.



"The typical, fraudulent defense of economic and political anarchy, of the hard-boiled, fanatical American populist, is the false charge, that it is government intervention 'from the top' which is the cause of all of the afflictions suffered by the underlings of society, such as themselves, at the bottom." Here, Rep. Newt Gingrich (R-Ga.) in 1995, who modelled himself on Danton and Robespierre.

ation by means of which society applies and develops the discovery of universal physical principles, and the Riemannian form of the manifold expressed as society's functional relationship to nature in general.

Cooperation As a Principle

The crux of the process of discovery of an experimentally validated universal physical principle, should be presented to a class of students as follows.

Since, as the earlier classes on this topic of discoveries of principles have shown, the power to generate a quality of hypothesis which is later proven experimentally to be a universal physical principle, is an act which occurs only within the bounds of the sovereign cognitive powers of the mind of the human individual: *How is that hypothesis communicated to other individuals?*

That is to emphasize that, although no known universal physical principle exists, to our knowledge, which has not been demonstrated conclusively by methods of experiment, no outside observer could detect the relevant creative-mental action actually occurring in the mind of the individual occupied with the process of generating that discovery. We can not detect the actually ongoing process of generating such a discovery, as it is occurring in the mind of the observed discoverer. We might, and should be able to observe that some kind of heightened degree of activity is occurring there, but we can neither see, hear, touch, nor smell, the relevant transformation in knowledge effected by that process itself.

As I have described the solution to that problem, in numer-

ous published locations, we are able to transmit knowledge of the process through a coordinated replication of the process of discovery within the sovereign cognitive powers of other persons.

This means that both have recognized, and are motivated by a relevant ontological paradox, which shows the existence of a suspected principle not already existing within proven knowledge. Both have accepted the obligation to generate an hypothesis which is a credible solution for the search for that principle. Both are committed to designing and applying the experimental methods needed to determine whether or not the hypothesis is valid.

In the case that all three aspects of the process of discovery become a shared experience in that manner and degree, the mind of one may not be able to "see" the relevant creative thought-processes of hypothesisgeneration in the other's mind, but

they can recognize that the processes are congruent. They are able, thus, to re-create the creative processes in the mind of the other, through its replication within themselves.

All good teachers in schools rely on the kind of process I have just identified. I have often used the case of Archimedes as an example. How do you, as a teacher, prompt students to relive what went on inside the mind of Archimedes in making a certain discovery of universal physical principle? Thus, it has become customary to refer to all known acts of discovery of a universal principle, or something comparable, by referring to the name of the discoverer considered to be the original author of that contribution to all human knowledge. The names of many important discoverers, such as Plato, Aristarchus, Eratosthenes, Archimedes, Leonardo, Kepler, Leibniz, Gauss, and Riemann, are household names in the knowledge of any competently educated university freshman today.

Such names, are therefore more than mere words. They are names for moments of the student's own original re-experience of creative discoveries, as re-experiences replicated as living thoughts in the minds of the living. That student has experienced, within his or her own mind, a moment from inside the mind of the original discoverer; the student recognizes the mental "face" of that original discoverer, and calls that face by the name it bears.

In addition to named discoveries, there are many which we learn in a similar way, as by observing the principles exhibited in fashioning of ancient astronomical calendars, and so on. Mankind is not only a cognitive species, but it is the cognitive relations reaching back many generations of knowl-

edge, and reaching forward to many yet to come, which define us as human.

As I have emphasized in locations published earlier, the universal principles which have been transmitted from earlier generations to the present one, produce effects in human social behavior which are comparable to the effects of an improvement in the human genetic heritage. I have sometimes described such ideas as "super-genes," in the sense that our biological heritage is not merely the biologically genetic one, but also those aspects of transmitted culture which have beneficial effects on human behavior. These are effects comparable to the genetic qualities of a higher species than the merely biologically human individual.

It is important to emphasize: The transmission of knowledge so generated, from the past, or as an experience shared with contemporaries, has the quality of force we associate otherwise with the notion of a qualitative, genetic improvement in a biological species. It is this mode of self-improvement of our species, through such knowledge, so developed, which sets the human species, biologically, absolutely apart from all lower species. We are not merely the traits inherited biologically through our parents. We are the products of our participation in the development of the culture we share, and to which we are rightly self-obliged to contribute.

Thus, cognitive qualities of task-oriented, mission-oriented cooperation, are the normally characteristic feature of our species, not Hobbesian conflict. Thus, a populist tends to be a person who has regressed, as if "genetically," toward the condition of a sub-human species, a beast-like, predatory creature.

There are two aspects of civilized behavior, which address these matters most directly: science, and Classical (as opposed to, for example, Romantic) forms of artistic composition. The case of science has been indicated here already; the role of Classical forms of artistic composition, is generally not understood today, even among putative specialists. Therefore, let us concentrate on the matter of the relevance of Classical artistic composition, in determining crucial elements of effective cooperation around the application of ideas for progress. On that account we have the following.

The common principle which unifies true physical science with principles of Classical artistic composition, is *the cognitive principle of truthfulness*. In science, truth is defined as those hypotheses which have led to experimental proof of their efficiency as universal physical principles. For the same reason, *truthfulness*, as distinct from established truth, is associated with hypotheses which have been formulated on the basis of a mind trained in successful replication of acts of discovery of hypothesis, discoveries which have been substantiated experimentally as universal physical principles. In other words, the standard of *truth* is scientific certainty as to matters of principle. *Truthfulness* is the state of mind associated with methods adopted as the impact of successive successful discoveries of hypotheses likely to lead to proof of universal principle.

In Classical methods and works of artistic composition, the same criteria of truth and truthfulness apply to works which have the appearance of being fiction. Consider the following, relatively very simple illustration of the point.

Take the case of Hans Christian Andersen's fable, "The Emperor's New Suit of Clothes." This is, on the one side, fiction. Yet, it is also truthful; in fact, at core it represents a conclusion which is in fact qualified as a universal principle on such sufficient experimental grounds as the recent downfall of the so-called "new economy" hoax, which also "had nothing on" in the end, so to speak. Many among the leading Classical Greek tragedies are truthful, on similar grounds. So, are the dramas of Shakespeare. Heinrich Schliemann's discoveries proved the truthfulness of Homer's epics. The leading dramas of Friedrich Schiller are, as both *Don Carlos* and Wallenstein illustrate this point, historically truthful, although the dramatic presentation of an entire expanse of history is compacted for the stage presentation by aid of fictions which are, in no case, elements which detract from the drama's consistency with historical truth.

Take the cases of J.S. Bach, Wolfgang Mozart, and Beethoven, as examples of the expression of the Classical principle in musical composition. Since Classical music is very rarely known among members of the recent two generations of U.S. adults, this requires a bit more clarification, as follows.

Truth in Music

Modern scientific knowledge of musical composition dates from the Fifteenth-Century Reniassance in Italy and the Netherlands. This means, that although the notions of a science of musical composition existed in European civilization as early as such exemplars of relevant knowledge as Pythagoras and Plato, the Renaissance infused a systematic scientific spirit into musical practice. The ensuing development was set into motion, in stone, in the famous Cathedral of Florence, in which we have sculptures of singing boys who are provably singing in that natural, implicitly Platonic vocalization, universal to humanity, known as Florentine *bel canto*. The presently known, surviving fragments of the work of Leonardo da Vinci on the subject of music, provide sufficient basis for adducing his systematic treatment of a system of natural polyphony for the Italian's use.²³

The next decisive development in the progress of Classical methods of musical composition and performance, occurred, chiefly, as development of well-tempered counterpoint by J.S. Bach. Bach's counterpoint, contrary to the British hoaxsters Hermann Helmholtz and his accomplice Ellis, is based on *bel canto* tuning with Middle C set at 256 cycles, but with the value of C the only exact "tuning fork"

^{23.} John Sigerson and Kathy Wolfe, eds., A Manual on the Rudiments of Tuning and Registration, Book I (Washington, D.C.: Schiller Institute, 1992); Schiller-Institut, Handbuch der Grundlagen von Stimmung und Register, Band I (Wiesbaden: Dr. Böttiger Verlags-GmbH, 1996); Canto e Diapason (Bergamo: Casa Musicale Edizione Carrara, 1996).



Given that nobody can see, touch, or hear the process of creative discovery, how can a teacher prompt the student to relive what went on inside the mind of the scientist who made such a discovery of universal physical principle?

value of a tone permitted in the well-tempered system.²⁴

The significance of Bach's revolution in composition, is that, for the first known time, an apparently complexly developed polyphonic work could be composed and performed in such a way that the entire composition, from the breath taken before the first note was sounded, until the resonant silence at the end, represented the communication of the development of a single, indivisible unity of a musical idea.²⁵ A deeper appreciation of this implication of Bach's work was later brought to the surface in musical Europe by Wolfgang Mozart's study of many Bach compositions at the weekly Vienna salon gatherings of Baron von Swieten. As in the setting of a Goethe poem, *Das Veilchen*, Mozart used Bach's influence on him, as shown earlier in his so-called Haydn quartets and the K. 475 keyboard Fantasy, to apply the implications of Bach's A Musical Offering to composition in general. The outcome of this is typified by the prolific Classical song-output and other vocal works of not only Mozart, but also such luminaries as Beethoven, Schubert, Schumann, and Brahms. The "Four Serious Songs," composed by Brahms near the end of his life, together with his exhaustively thorough, earlier Fourth Symphony, cap the triumph of Classical polyphony at the close of the century, over its irrationalist, Romantic plagiarists and other rivals.

There are several, interdependent qualities of truly Classical artistic composition, musical or other, which distinguish it from contrary views of art. These qualities serve as its indispensable instruments of truthfulness, as John Keats emphasized in his *Ode on a Grecian Urn*. The principal expression of all Classical art is the principal of truthful *irony*, a quality of irony whose peak expression is true *metaphor*.

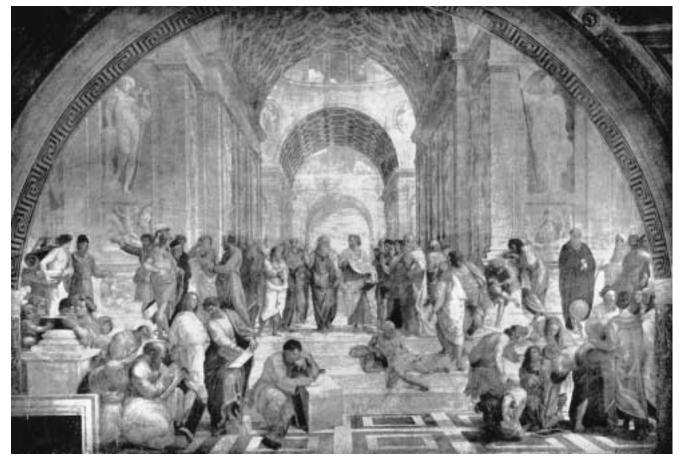
Take as a model reference for this, the characteristic distinction which separates Classical Greek sculpture from the archaic. It captures life in mid-motion, and thus conveys a sense that it is life which is being portrayed. The function of the catenary, referenced above, is a point of comparison.

Unfortunately, in the illiterate age which grips the minds of most among the recent two generations of adults, there is virtually no understanding of the actual functions of irony, such as metaphor, in Classical artistic composition, musical or otherwise. It is for reason of that moral deficiency in generally practiced contemporary forms of culture, that society has tended to assume, ignorantly, the existence of an elementary incompatibility between physical science and artistic culture. The idea of "art for art's sake," or art for the sake of its sensual effects, is typical of the pathological state of mind about art spread in society today.

Not accidentally, the most common origin of the pathological belief in a separation of art from physical science, is the spread of a radical outgrowth of Aristotelean method known as empiricism. This method, which was introduced by the sometime lord of Venice Paolo Sarpi, was introduced to Sixteenth-Century England through such Sarpi assets as Sir Francis Bacon and through the mathematics pupil of Sarpi's household lackey Galileo, Thomas Hobbes. The influence of

^{24.} Although Helmholtz was nominally German, his hoaxes were chiefly made to explicitly British specifications. Ellis was a rabid hoaxster, as well as a "white voice" racist, who pretended, at least, not to know the cultivated practice of transposition at the keyboard which instrumentalists used to tune performances to the natural ranges of the chorus of human voices. The Bach well-tempered system emphasizes not only the elementary impact of the principle of polyphonic development, rather than voices in parallel, but necessarily reflects the range of modalities which pre-Bach music had carried forward from down through the ages since ancient Greek times, or earlier. The singing voice, or the instrumental string and wind voices, must therefore adjust themselves to a slight shift in tone-value according to the direction of the motion, and other considerations in the vicinity in which the note is located. The keyboard artist must use sundry tricks to similar effect, if without actually resorting to the awkward undertaking of re-tuning the keyboard during mid-performance.

^{25.} Take as a relatively simple example of this, the C-minor fugue from Bach's first book of his Well-Tempered Clavier. Compare this to the elaboration of the principle is Bach's A Musical Offering, and with the essential argument permeating the posthumously published The Art of the Fugue.



Raphael's "The School of Athens." For the student trained in the Classical tradition, the names of the great thinkers portrayed in this painting become, not mere words, but names for moments of the student's own original re-experience of creative discoveries.

David Hume's apostle Immanuel Kant, and both the "Critical School" of German Romanticism, and the modern radical empiricism sometimes known as positivism, or logical positivism, are outgrowths of Sarpi's spread of the medieval superstition of William of Ockham. The influence of empiricism and its sundry offspring has been the chief source of incompetence and sheer irrationality about the subjects of science and art in modern European civilization since the accession of James I to the English throne.

The essential distinction of empiricism and its derivatives, is the denial of the existence of knowable truth. The Classical argument for this denial of truth is the central feature of the series of *Critiques* by Immanuel Kant, as typified by such variously acknowledged existentialist, avowed followers of Kant on this point, as truth-haters Karl Jaspers and Hannah Arendt. A related hostility to truth is met among materialists, such as avowedly orthodox Marxists. A summary description of the common basis in belief among empiricists and such Marxists points to the common root of their crucial error on this point. The common basis for their errant dogma, is the insistence that truth could lie only within the bounds of sense-certainty. The source of all related forms

of explicit, philosophical hatred of truth, is the proposition that knowledge is limited to what is to be learned from faith in sense-certainty.

I refer again to the allegory of Plato's Cave. Sense-certainty leads to confrontation with manifest ontological paradoxes. These paradoxes show us that what our senses report to our minds are merely the distorted shadows which a firelight might cast on the irregular surface-walls of a cave. The discovery of experimentally demonstrable universal physical principles, thus represents our knowledge of the real objects responsible for the apparent movements of the shadows. Thus, truth, as typified by discovery of such universal physical principles, is attained by focusing attention on the ambiguities expressed by those kinds of ontological paradoxes.

In literature, precisely such ambiguities are expressed in the forms of irony we associate with strictly Classical modes of composition in poetry, drama, and music. The working point is, that it is only through use of those Classical artistic forms of communication that we are able to accomplish what Shelley described in his famous essay "In Defence of Poetry," as "the power of imparting and receiving profound and impassioned conceptions respecting man and nature." Well-tem-

EIR March 29, 2002 Feature 35



Luca della Robbia's sculpture of bel canto singers, in the Cathedral of Florence. The Renaissance infused a systematic scientific spirit into musical practice.

pered contrapuntal polyphony, in music, accomplishes that same purpose. Hence, the powerful effect achieved, from Mozart's *Das Veilchen* on, in setting poetry within the musical framework employed by Mozart, Schubert, Schumann, Brahms, et al.

The more obviously practical benefit of Classical artistic composition, is that it is the most efficient way of sharpening the powers of insight of the human mind, that in ways which are indispensable for attacking real-life problems arising in the form of ontological paradoxes. The most obvious link between that function of art and practical science, is great Classical drama such as that of Aeschylus, Shakespeare, and Schiller, especially those works which fall into the classification which Schiller identifies as "the sublime" (*Erhaben*). The method of the sublime is that of Plato's Socratic dialogues, which are, in turn, the model for defining the meaning and functions of irony in general and metaphor, in both physical science and in Classical forms of artistic composition.

To make clear the point respecting the principle of truth, consider the equivalence of magic to evil, as typified by the cases of the destructive effects, morally and intellectually, of Nintendo games, or wildly Romantic fantasies such as *The Lord of the Rings* and the escapist infantilism of the *Harry Potter* fantasy. These have their most stubbornly persisting, destructive effects among children and adolescents. However, they are typical, otherwise, of the Romanticism so energetically denounced by the great Classical poet Heinrich Heine. Indeed, the most destructive influence introduced to Nineteenth-Century German culture, including the roots of later Nazism, was the popularization of Romanticism

by the influence of Kant and the first of the modern fascist philosophers of statecraft, G.W.F. Hegel. The collaboration of Hegel and Savigny typifies the Romantic roots of the Nazi revolution's Carl Schmitt and Judge Roland Freisler.

The notion that a goal might be achieved through magic, is the essential premise, as by such forms of gnosticism as that of the Cathars, on which the propagation of evil depends. The belief in magic, is the denial of truth per se, especially when this is propagated among children of a suggestible age, such as by the Pokémon and Harry Potter cults. The spread of the "new violence" typified by the Columbine massacre, is only typical of this syndrome.

The distinction between Classical and Romantic modes in artistic composition and performance, rests

on precisely this point. What happened, for example, in the case of German and other early Nineteenth-Century art, to produce the popularity of Romanticism, was the substitution of a magical element of fantasy for truth-seeking expressions of irony. Thus, the immensely influential work of Classical poets and composers such as Goethe, Schiller, Mozart, Beethoven, Schubert, Heine, Schumann, and Brahms was mimicked and mocked by such as Berlioz, Liszt, and Wagner, by replacing the principle of truthfulness by flights into the magical domain of Madame de Staëllike erotic fantasy.

Contrary to today's popularized Romantic mythologies, there never was a Romantic phase of the development in Classical poetry and music. The great Nineteenth-Century Classical composers, from Beethoven through Brahms, existed in parallel, and in opposition to the Romantic resurrection of the tradition of that sterile trash of that forerunner of Hamburg curry-sausage known as Rameau. They mutilated Classical principles of composition as Coleridge sought to mutilate the reading of Shakespeare. The leading Nineteenth-Century Romantics did not update the preceding work of Beethoven and Schubert; they parodied it in the same sense that contemporary, ultra-decadent, post-modernist theatrical directors parody the Classical dramas which they mutilate for public edification.

The issue is truthfulness versus the moral perversion of what is known, alternately, as magic, or *gnosticism: the assertion of belief in the efficiency of asserted, but non-existent principles.*

The role of art in real life is that emphasized by Jena Professor of history Friedrich Schiller. As for the best Classi-

36 Feature EIR March 29, 2002

cal Greek tragedians, the superior standpoint of Plato, and of Shakespeare and Schiller in his other professional capacity as tragedian, the function of Classical drama is to assist audiences in adducing the underlying principle of real-life tragedy as history on the stage. The conclusion reached must be truthful, as the case of Schiller's own *Don Carlos* captures the essential truth about the role of Philip II's Spain in bringing about its own destruction through means consistent with its toleration of, and reliance on the policies of the Inquisition and the religious warfare of 1511-1648. So, Cervantes, with his *Don Quixote*, shows, in a similar, truthful manner, the root of the self-destruction embedded in the cultural habits of Sixteenth-Century "Carlist" Spain.

Thus, great Classical artistic composition, in music, in poetry, in drama, and otherwise, uses irony, as an expression of ontological paradox, to inspire a people to rise above the cultural purblindness of boorish, love-sick sense-certainty, to train the higher power of the mind to overcome the misleading lure of sense-certainty, and to uncover, in each case of life's experience, those principles by means of which to master the situation on behalf of the general welfare of past, present, and future humanity.

The Pursuit of a Sense of Mission

The combination of pursuit of discovery of universal physical principles, with the use of the same method of truthful insight into the principles of cooperative social relations, is the essential mission of a science of physical economy.

The unifying quality of great Classical artistic composition and physical science, is their combination of a sense of truthfulness with an impassioned sense of mission. In science, this is expressed by the physical scientist's healthy hostility to the fraudulent practice of those mathematicians who purport to prove or disprove universal physical principles by employing ivory-tower methods as if at the blackboard. As Kepler exemplifies the point, by referring to the principle of universal gravitation as a built-in *intention* of the Solar System, especially its Sun, all valid notions of universal physical principle are a view of a universe organized under the authority of a sense of *mission*.

In bad history, and bad art, success is measured, not by a standard of mission, but, rather, of adduced rules of the game, as if real history were merely a childish game, in which penalties were administered as punishment for violation of the currently adopted set of made-up rules. So, wretchedly bad economists adhere to a strictly gnostic view of the universe, when they insist, as Mandeville, Quesnay, and Adam Smith did, that adherence to the dogma of "free trade" is the precondition for the rewards of obedience to the rules by the nation of those lunatics worthy to be classified as true believers. Thus, do silly fools suggest that the danger is that "People might talk the economy into collapsing, by doubting its wont to prosper." So, lunatics insist that the U.S. economy will surely recover, if only there are sufficient fools to believe strongly enough in

that promised recovery.

In truth, the U.S. economy is currently collapsing, and will never recover in its present form.

The price of survival, is the eradication of those sets of rules which have brought about the present systemic collapse of the existing world system. This means the included abolition of virtually every change in axiomatic-like rules of the system introduced into U.S. law and related practice since 1966-1967, and returning to the proven, protectionist system developed over the course of the 1933-1964 process of general recovery from the preceding great world economic depression.

If we shall then survive, it will be because we, like Treasury Secretary Alexander Hamilton before us, prescribed and acted upon a truthful sense of national mission. That mission is the adoption of specific targets, looking toward a time about a half-century ahead when a future generation will reap the benefits we shall embed in the changes in policy we prescribe for the coming generation. Those changes in policy must be embedded as the protectionist sorts of regulations which efficiently channel the flows of wealth and activity into the needed directions. The pivot of all this, including a massive renewal and further development of our infrastructure, is creating both the conditions required for a revival of the work of the private entrepreneur, and inspiring the nation with the sense of mission which steers the efforts of the entrepreneur in the wanted direction.

At the present moment, the Bush Administration appears to be operating under the delusion, that its present approaches to a "stimulus package" will induce a war-economy-driven recovery echoing those of the march into World War II and the Truman military mobilization of his second term. Since the Bush Administration does not wish to give any implied credit to President Franklin Roosevelt and his policies, the present administration overlooks virtually all of those factors, of rigorous protectionist measures, which made Roosevelt's mobilization successful. Bailing out Bush campaign-contributors' financial-market holdings, is not the same thing as increasing the physical investment in skilled labor, scientists, technicians, capital, and supplies from vendors.

This requires the included replacement of the gnostic delusions widely taught and preached as "economics" in our universities and boardrooms today, by the adoption of a comprehension of economic processes based upon the conceptions of a science of physical economy. We must employ the tools of a science of physical economy, to devise the regulations which steer flows of financial capital into the channels which healthy physical economy requires. We must, therefore, above all else, uproot what is known, variously, as monetarism, or liberal economics, and send both into a suitable elegant form of retirement at some place like Peter Weiss's Charenton. Let us, thus, uproot the fantasy called a "consumer society," and resume our former greatness as a "producer society."

EIR March 29, 2002 Feature 37

EIRInternational

The Coming War on Iraq Will Not Be Desert Storm II

by Muriel Mirak-Wiessbach

The United States' planned war against Iraq is being devised with as little regard for its immediate, near- and long-term consequences, as was the now-increasingly uncomfortable war against Afghanistan's Taliban regime. The neo-conservative "utopian" lunatics who are the leading promoters and strategists of the Iraqi war, within the Bush Administration, are proceeding from the delusion, that a war against Iraq will be, in the words of Defense Policy Board chairman Richard Perle, "a cakewalk."

This is a phantasm that even traditionalists within the U.S. uniformed services—the men and women who would have to command a war on Iraq—see as madness. On March 20, Adm. Dennis Blair, the Commander of the Pacific Command, and Air Force Gen. Joseph W. Ralston, Commander of the European Command, both told the House Armed Services Committee that the United States does not have "adequate forces to carry out our missions." They emphasized that even the ongoing operations in Afghanistan, not expected to end soon, are taxing their resources, and any large-scale military operation against Iraq would create impossible strains worldwide.

But such voices are unlikely to stand against the intensity with which the "war party" inside the Washington Beltway demands an Iraq war.

The authors of this "Get Saddam" frenzy are ignoring the fundamental fact, that the world economic-financial situation, the political dynamic, and the psychological condition of the peoples involved, is completely different from what it was 12 years ago, when American forces led Operation Desert Storm. And most of the ostensible "opponents" of the Iraq war-drive are also stuck in a fishbowl view of the present strategic conjuncture, which undermines their ability to competently oppose the increasingly dominant demands of lunatics like Perle, Deputy Secretary of Defense Paul

Wolfowitz, and Senators Joe Lieberman (D-Ct.) and John McCain (R-Ariz.).

The LaRouche Factor

It is for this reason that leading Arab and Muslim politicians are turning, in growing numbers, to Lyndon LaRouche, for leadership in the effort to defeat the insanity. LaRouche is the only leading American political voice who has openly called Ariel Sharon and the Israeli Defense Forces' genocide against the Palestinians for what it is: A Hitlerian "final solution," modelled explicitly on the Nazi extermination of the Warsaw Ghetto.

A statement by LaRouche, issued by his LaRouche in 2004 Presidential campaign committee, is circulating all throughout the United States, and is also circulating, in Arabic, among leading politicians and journalists throughout the Middle East, detailing Sharon and the IDF's Nazi-like policies, and pressing for the expanded resistance to this genocide from within Israel.

A Diagnosis of the War Lunacy

LaRouche has also pinpointed the reason for the mad Iraq war-drive, coming from Anglo-American financial circles, and has spelled out the kind of global financial reorganization and economic recovery, needed to have an effective war-avoidance policy. Financial collapse is a "monkey wrench" which may stop the war drive—although, ironically, the fear of that collapse is motivating the demands for more and more war-fighting. The outcome depends on backing for LaRouche's role.

While prominent political military figures, from the Arab world, Europe, Russia and China, have warned that attacking Iraq now could unleash uncontrollable processes—an "Armageddon," as Jordan's King Abdullah II put it—the "uto-

38 International EIR March 29, 2002



What the United States and Britain unleash this time by attacking Iraq, with or without nuclear weapons, is not to be contained by bio-chemical gear and other high-tech preparations for the desert, as in 1991.

pian" military strategists continue to consider only options and strategies that will lead to doom.

The most common objection to a proposed war, as reiterated by one Arab leader after another to Vice President Cheney on his March 11-20 tour of the Middle East, is that it will "destabilize the entire region," and its governments. But understandably, not one of these leaders has outlined in detail what this actually means. What this fact sheet presents, is a step-by-step consideration, of what the war against Iraq could indeed signify: first, the military options; second, the consequences of these options on the region; and third, the medium-and long-term implications—unless the LaRouche solution is adopted by governments around the world, including the Bush Administration in Washington.

The Military Options

Three basic options are under discussion. The first is a military, or "palace" coup, to remove Iraqi President Saddam Hussein. This would require the participation of elements of the Iraqi military, as well as members of the many well-organized secret services, backed up by U.S. "special operations units." It would also require the existence of an alternative political and military leadership. Current plans indicate that the United States is grooming former Iraqi military leaders, like Brig. Gen. Najib al Salihi, and a number of factions from the widely divergent Iraqi opposition groups, including the Iraqi National Congress (INC). A conference of the political and military opposition has been planned for late March, near Washington, D.C. by the INC, and endorsed by sectors of the U.S. government.

None of the candidates for replacing Saddam Hussein, enjoys the support of the Iraqi population. A number of them face prosecution on war-crimes charges themselves, stemming from the 1980-88 Iran-Iraq War, or financial corruption charges. The INC is considered, in every capital of the region, to be a "joke."

A second option is the "Afghanistan II" scenario. Here, the United States would conduct a massive aerial bombardment campaign, at the same time as ground forces—an Iraqi "Northern Alliance" equivalent—would march on the capital, Baghdad. The forces under consideration, are the Kurdish forces, located in northern Iraq, in the northern "no fly zone" declared by the U.S. and British Air Forces. The Kurdish forces are estimated at 40,000, and they control an area inhabited by 4 million people. Another possible contingent for ground forces, would be the Shi'ites, whose political and military leadership is based in Iran, in the Supreme Council for the Islamic Revolution in Iraq (SCIRI).

The third option involves a massive invasion by American (and allied) ground forces, again under the cover of massive aerial bombardments. As retired Gen. Wesley Clark has said, this would require 250,000 troops. Geographically, the invading armies could enter Iraq from Kuwait, Saudi Arabia, or Turkey.

But Saudi Crown Prince Abdullah stated, at the time of Vice President Cheney's visit to his country, that his government would not allow Saudi territory to be used as a base of military operations against Iraq. It was reported in the *Neue Zürcher Zeitung* of March 20, that in talks with Turkish Chief of Staff Kivrikoglu, Cheney was informed that the Turkish military would allow the use of bases and air space, but not the deployment of troops or tanks.

Implications for the Region

The immediate danger for Iraq, in the event of any of the three military options, is that the country itself could be bro-

EIR March 29, 2002 International 39

ken up into three parts: the Kurdish North, the Sunni heartland, and the South, predominantly Shi'ite. An unsuccessful coup would destabilize the country, and lead to possible uprisings in the North and South. A "successful" coup, which imposed a regime subservient to Washington and London, would not meet with popular support; this could also trigger social upheavals. A massive land invasion could meet with serious resistance, unlike that of 1991, with heavy casualties on all sides, and would lead to prolonged war.

This is what prompted Jordanian King Abdullah II, in an interview with the *Los Angeles Times* March 17, to say it would be "an Armageddon in the Middle East." He said, "A strike against Iraq, the potential fragmentation of Iraq, the potential nightmare of a civil war as a result of an American strike, is something that I don't think the region can handle."

In the North, were the country to be fragmented, or the Kurds mobilized as part of an opposition assault against the central government, an independent Kurdish entity could come into being. NATO member Turkey, which hosts a population of 12 million Kurds, would be threatened by the eruption of Kurdish insurrectionists outside and inside its borders. The only possible Turkish response would be massive repression, followed, perhaps, by actual occupation of territory which was once part of Turkey. It has been mooted in some circles, that the U.S. has in fact offered Turkey the prospect of taking over a chunk of Iraqi territory—which would imply the elimination of the Kurds. Even without activation of the Kurdish element, Turkey, whose economy has been on the brink of breakdown collapse, would be dealt the death blow by a war against Iraq, which would immediately cut off the Iraqi trade vital to it.

Leaders of the two major Kurdish parties in northern Iraq, Jalal Talebani of the Patriotic Union of Kurdistan (PUK), and Mustafa Barzani, of the Kurdish Democratic Party (KDP), are opposed to war. Asked by Pierre Scholl-Latour of *Welt am Sonntag*, whether the "rebellious Kurds of northern Iraq, comparable to the Northern Alliance in Afghanistan, would offer themselves as allies and march on Baghdad," Talebani replied, "We are not mercenaries . . . and one should be careful not to compare Mesopotamia with Hindu Kush."

The two party leaders have reportedly made known their position in a letter to President Bush. According to a PUK representative in Berlin, Ahmad Berwari, the Kurds' demands include guarantees for their current autonomous status, and protection for the civilian population, hardly feasible in a state of war. Furthermore, the trade route from Iraq to Turkey, through the Kurdish autonomous area, would be disrupted by war, thus depriving the Kurds of their livelihood. It is estimated that the Kurds receive 13.5% of the Iraqi oil exports through their region.

According to a report in the Saudi daily, *Al Hayat*, Cheney assured both Kurdish leaders that the United States would guarantee the territorial integrity of the Kurdish area, as well

as their oil revenues. Finally, the Kurdish parties are opposed to a military coup d'état against Saddam Hussein.

Were the war party to attempt to mobilize the "Shi'ite" opposition to Saddam Hussein, in the south, this would also fuel fragmentation and civil war. The main Iraqi Shi'ite organization, the SCIRI, is also refusing being used as a pawn in the game. Its clerical leader told the London *Guardian* on March 18, "We don't agree with an American attack." He said the Iraqi people should and could deal with their own problems, and that he opposed any outside military assault. As part of their own ongoing rapprochement process, Iraq and Iran have agreed to prevent opposition groups on their soil from attacking the other. This means Iran should rein in the SCIRI, as Iraq neutralizes the Iranian opposition group, Mujaheddin al Khalq (MKO) based on its territory.

However, according to a leading British Middle East expert, if there is "the idea of moving in from Kuwait, and establishing a southern redoubt, all the way up to near Baghdad, . . . then, even if they are currently opposing a war, the . . . SCIRI Shi'ite opposition *might* join in." He added, "then the Iraqi regime and armed forces would have to concentrate themselves in the Sunni heartland, and it would be very difficult for the Americans to eradicate them."

Iran and Iraq

Whatever the ultimate posture of the SCIRI, a civil war in Iraq would have immediate repercussions on Iran: Although the government has stated it would not support an attack against Iraq, and would provide humanitarian aid, certain ultra-conservative forces in Iran could entertain the option of entering Iraq, with the perspective of partitioning off a piece. This would unleash conflict inside Iran as well. In any case, floods of Iraqi refugees will stream into Iran.

This has been acknowledged by the United Nations, which is already helping Iran prepare for a massive influx, supplying of tens of thousands of tents and blankets. The "contingency plan," according to UN office chief in Tehran, Pierre Lavanchy, involves preparations being made now to accommodate 40,000 refugees, but up to 150,000 are expected. One million refugees entered Iran during Desert Storm. Iran, which now hosts 2.5 million Afghan refugees, would be stretched to the limit.

The most violent response to an American attack on Iraq, would come in the form of escalated conflict between the Palestinians and Israel. Although in 1990-91, the expected Palestinian uprising did not occur, now there is already a de facto state of war, acknowledged as such by UN Secretary General Kofi Annan, and unprecedented levels of anger among the Palestinian population, against Israel and the United States, not to be contained by assurances, or paper agreements brokered by U.S. special envoy Gen. Anthony Zinni.

Iraq has supported the Palestinian cause for decades, and,

40 International EIR March 29, 2002

since the Intifada began in September 2000, has been a leading financial and political backer. Iraq has organized a new volunteer military formation, called the Al Qods (Jerusalem) brigade, for possible deployment. Whatever its military strength might be, its existence is of high symbolic value to Palestinians. Udo Steinbach, director of the Orient Institute in Hamburg, told *Bild am Sonntag* on March 17, "A war against Iraq would have unforeseeable consequences in the Middle East conflict. . . . Arab countries could fight alongside Palestinians against Israel"; in short, a regional Arab-Israeli war would ensue.

In this event, if Ariel Sharon's long-term policy, to expel the Palestinians into Jordan, were implemented, the Hashemite Kingdom could be threatened with political upheavals.

The huge Palestinian refugee communities in Lebanon and Jordan would also react. In Lebanon, a further complicating factor, is a section of the militantly anti-Syrian Christian forces; seeing Syria weakened and destabilized by an attack on Iraq, these forces—with or without coordinated support from Israel—would raise demands that the Syrian forces be expelled from Lebanon, which could ignite civil war.

A Nuclear War?

The two other Arab countries to be affected domestically by a war against Iraq, are Jordan and Egypt. The majority of Jordan's population is Palestinian, and has historically expressed active solidarity with Iraq. Tens of thousands of Palestinians entered Jordan as refugees during Desert Storm, from Saudi Arabia, Iraq and other countries. The potential for massive uprisings in the Hashemite Kingdom, can be seen in demonstrations that have taken place during March. Although the demonstrations were formally called to protest Israeli aggression against Palestinians, the social layers involved are those politically sympathetic with Iraq. In Amman, the capital of Jordan, on March 15, reportedly 10-15,000 marched from the Professional Associations building toward the UN offices, demanding that the government shut down the Israeli embassy. On March 16, thousands of Palestinians at Baga'a refugee camp near Amman, the second largest in the region, demonstrated against Israeli atrocities.

In addition, an Iraq war would immediately stop the flow of oil from Iraq to Jordan. As the Jordanian foreign minister has pointed out, Jordan would have to import the oil from an alternative source, and pay \$500 million for it, funds which it does not have. The more general interruption of trade between Iraq and Jordan would devastate the economy of the Hashemite Kingdom, which is already teetering on the brink. Although U.S. financial compensation, promised for such losses, may persuade governments to comply, they will have little or no effect on the population, whose rage level has been steadily rising.

In Egypt, political convulsions would accompany economic disruptions. In Cairo, March 16, thousands of Egyptian students marched in solidarity with the Palestinians, some

calling for the government to allow them to travel to the Palestinian territories, to conduct a "jihad" against Israel. The "street" in both Egypt and Jordan is fully behind Iraq, and would seriously threaten the stability of both governments, in the event of war. The Egyptian population's anti-Americanism has increased exponentially over the past decade. Saudi Arabia, though different, would not be immune to similar eruptions.

A final consideration of the regional consequences must include speculation, as to what the American response could be, in the foreseeble event that neither the coup d'état, nor the "Afghanistan II" option, nor the ground invasion were to succeed; or in the possible event that Iraq would respond with unconventional means.

In his March 13 press conference, President Bush said, "all options are on the table," including nuclear weapons, and added, "one thing I will not allow is a nation such as Iraq to threaten our very future by developing weapons of mass destruction." On March 20, British Defense Secretary Hoon made the same threat; the possibility is very real.

The Longer-Term Implications

The economic effects of the war should not be overlooked. Operators on the stock markets, currently preoccupied with the illusion of an economic recovery, will be caught unawares by the sharp drop in equity prices which the onset of war will cause. The subsequent rise in oil prices could be accompanied by a rise in the value of the dollar, vis-à-vis the yen, which, in turn, would adversely affect the debt of East Asian countries. More generally, any increase in the oil price, to be expected in the event of war, would have a far more dramatic impact today than during Desert Storm, as the entire world economy is in the throes of a systemic breakdown crisis.

Politically, an attack against Iraq would put a swift end to the "anti-terrorism coalition." The overall consequences more broadly, were summed up by a leading British Middle East expert, as follows: "It would be a confirmation in the Arab world, about the reality of American policy in the Middle East. . . . It would be a general confirmation throughout the developing world, that the United States has decided to act strictly as an imperial power."

In the longer term, European-American splits will deepen, and NATO will disappear, except only as a European army. "Most important," the same British expert stressed, "in consequence of the disaffection with the West, terrorism will greatly increase." In fact, a war aganst Iraq would be the most effective incentive for recruitment to the al-Qaeda and other terrorist networks, which would launch anti-American attacks over an extended period of time.

Finally, the war against Iraq would catalyze anti-American ferment throughout the Islamic world, thus unleashing the Clash of Civilizations process outlined by geopolitical strategists like Samuel Huntington, Zbigniew Brzezinski, and Henry Kissinger.

EIR March 29, 2002 International 41

Will 'Teflon Tony' Go Before Iraq War Begins?

by Mark Burdman

Alarm has spread across the British political spectrum, over the officially stated likelihood that Great Britain will join the United States in a war against Iraq. The worsening economic and social crisis inside Britain is also feeding the dismay in Parliament, among the political class and intellectuals. For the first time since Tony Blair became Prime Minister in May 1997, there have been calls for him to resign.

By March 20 over 130 British members of Parliament(-MPs), from all parties, had endorsed a parliamentary "early motion," against British participation in a new war against Iraq. The total of signers is approaching one-fourth of the 659 members of the House of Commons.

Two moves by Defense Secretary Geoff Hoon, during the week of March 18, greatly increased apprehensions. Hoon announced that Britain would be sending 1,700 new troops to Afghanistan, to join U.S. forces in offensive operations. This is the largest British troop deployment since the 1991 Gulf War. Its announcement triggered a raucus Commons debate on March 19 and 20. In the Parliament, and in leading strategic and military-planning circles, the fear is expressed that Britain is getting involved in Vietnam War-style "mission creep" in Afghanistan.

Hoon then added to the temperature by mooting British use of nuclear weapons against Iraq, and possibly against other so-called "states of concern," such as Libya, North Korea, and Iran. In a March 20 speech, he blurted out that "dictators . . . can be absolutely confident that in the right conditions, we would be willing to use our nuclear weapons." The *Daily Telegraph* on March 21 headlined, "U.K. Warns Saddam of Nuclear Retaliation."

Hoon was echoing Henry Kissinger's maniac "utopian" threats to use nuclear weapons, delivered in a speech in Italy the day before. The stage is set for Blair's "war planning" sessions with Bush, the week of April 8 in the United States. But Blair the actor is being pushed off the stage, even as the war approaches.

'Could Be Gone By the End of the Year'

Over the March 16-17 weekend, the first of the growing drumbeats for Blair to step down, were heard. Maverick Labour Party MP Tom Dalyell, leader of the fight inside the Parliament against a new Iraq war, told the Commons, "Any-

body after more than five years in Downing Street has to reflect. Margaret Thatcher stayed too long, and I think John Major stayed a bit long in power. I have a general view that, in my 40 years' experience, it is not a good thing for Prime Ministers to overstay their welcome."

George Galloway of Scotland, another maverick MP in Blair's Labour Party, went beyond this, in comments to the weekly *Spectator* magazine. According to Galloway, there is now talk in the Parliament "tea rooms," of replacing Blair. More than one Labour MP has raised the idea of a "leadership challenge" to Blair. "Nobody died or even gasped at such rebellious talk," he stressed. "It's been one damn thing after another." The March 17 *Sunday Times* observed that Dalyell's and Galloway's attacks, while representing marginal Labour forces, might be a "straw in the wind," for something more serious

Jackie Ashley, parliamentary correspondent for the pro-Labour *Guardian*, wrote on March 20 that in the "tea rooms" of the Parliament, "for the first time since he was elected [Labour Party] leader in 1994, Tony Blair's political mortality is being discussed. . . . A Cabinet Minister privately predicts he could be gone by the end of the year."

Ashley asked: "Just what is going on? Can the skids really be under Teflon Tony?" She reports growing talk of a "leadership challenge" to Blair. Blair "is deeply frustrated by his falling media image. He often seems drained. He always meant to go when he was ahead, not visibly behind."

On Feb. 27, Ashley had written a *Guardian* feature, "Iraq Could Rip Labour Apart," warning that an Iraq war "could be the undoing of Mr. Blair." Her contention, now, that Blair could "auto-destruct," conforms to what *EIR* has been reporting in recent articles: British Establishment forces opposed to Blair, say they will drive up the pressure on him until eventually he will be "broken," and will be "taken away gibbering," as has happened to other British Prime Ministers.

The March 19 *Guardian* editorial warned, "Tony Blair, Watch Out." The paper reported that 51% of those recently polled opposed a war with Iraq, with the opposition, surprisingly, even stronger among Conservative and Liberal Democratic voters, than in the Labour Party. The editorial warned Blair, that he should not become an adjunct to "right-wing U.S. bellicosity" and to "deeply dangerous schemes." The Prime Minister "is being isolated on the Iraq front," the paper reported. "Mr. Blair does not speak for Britain on Iraq. . . . The stakes are very high, and the key test is now Iraq."

'More Reminiscent of a Dictatorship'

Before the point is reached where Blair might resign, he will likely be faced with resignations inside his own Cabinet. International Development Secretary Clare Short threatened to resign, declaring, over the March 16-17 weekend, that she was strongly opposed to "a blind military attack on Iraq," and warning Blair, "We all have bottom lines." Other Cabinet ministers are also hinting that they may resign

42 International EIR March 29, 2002



British Secretary of Defense Geoffrey Hoon generated new opposition in Britain to a war on Iraq, by clearly threatening to use nuclear weapons against Saddam Hussein, and other "dictators." Hoon's statement coincided with a similar threat by Henry Kissinger.

in the event of a war with Iraq. Home Secretary David Blunkett has sent a memorandum to Blair, warning that Britain would be faced with massive social unrest, should it join such a war.

On March 17, former Northern Ireland Secretary Mo Mowlam wrote a piece in the pro-Labour *Sunday Mirror*, warning that she found it "harder and harder" to defend the Blair government, especially because it is so willing to ally with Washington in a "reckless" action against Iraq. Another Labour influential, Rosie Boycott, quit Labour and joined the opposition Liberal Democrats. She charged that Blair's government was "more reminiscent of a dictatorship than a free, healthy, democratic system." She was resigning from Labour, she declared, after "a lifetime of support," because Blair's "New Labour" was run by a small number of people, who "brook no criticism, and turn savagely on anyone."

What is more extraordinary about the current British situation, is that massive opposition to an Iraq strike is coming from hard-core loyalists of former Prime Minister Margaret Thatcher. This, though Thatcher herself is a shrill

supporter of the "axis of evil" lunacy, and current Conservative Party leader Iain Duncan-Smith—who is very close to the Washington neo-conservative think-tank circuit—has insisted that Britain give 100% support to a new American strike on Iraq.

The anti-war defections from within the Thatcher camp began during February, as *EIR* reported then, with a number of remarkable statements by European External Affairs Commissioner Chris Patten, former chairman of the Conservative Party and last colonial Governor in Hong Kong. In mid-March this was echoed by Sir John Nott, formerly Thatcher's Defense Secretary during the Malvinas ("Falklands") War. Nott told the Thatcherite *Daily Telegraph*, in comments that were published in the paper's lead article on March 11, that he was "irritated" by American pressures that Britain give unquestioning support to the "war on terrorism." Said Nott, "I am against the Americans smashing things up with bombing raids, then letting us be the auxiliary policemen to pick up the pieces."

During the week of March 11, Nott's views were echoed by former Conservative Party Foreign Secretary Lord Douglas Hurd, and former Foreign Office Minister of State Douglas Hogg.

Also remarkable, is that a number of hard-core conservative commentators have "jumped ship" on the Iraq issue. In a couple of commentaries during the week of March 18, conservative historian Robert Harris declared that though he had supported every recent war Britain has fought, from the 1982 "Falklands War," to the 1991 Gulf War, and the Kosovo and Afghanistan campaigns, he drew the line at a new war against Iraq, which would be unjustified, senseless, and almost certainly counterproductive.

The Daily Telegraph published a March 21 op-ed by Cambridge University Prof. John Casey, entitled "There Is No Justification for Waging War Against Iraq." Casey, also a conservative, charged that the "axis of evil" campaign was typical of an alarming "Manichean" attitude toward the world that often erupts in the United States. Casey said that the conditions for a "just war" have not been met, in the case of Iraq, and charged: "We are looking for excuses for a war when the decision to wage it has already been taken. That has very unpleasant historical resonances. . . . Neither on grounds of reason nor justice—let alone our national interest—has the case for war been made."

Thatcher's own standing in the universe suffered a significant setback when she issued her latest memoirs on March 18, with the Orwellian title, *Statecraft*, in which she declared that all humanity's problems have come from the European continent; that Britain should leave the European Union; and that Britain should instead join the North American Free Trade Agreement (NAFTA). This outburst fueled suspicions in Britain that the Baroness was losing her grip. Indeed, her physician announced on March 19, that she was "ill."

EIR March 29, 2002 International 43

Will Queen Liz's 'Jubilee' Be Endgame for Windsors?

by Mark Burdman and Scott Thompson

The year 2002 is supposed to be the year of celebration in Britain of the 50th anniversary of Queen Elizabeth II's ascension to the throne. But rather than an occasion for celebration, the Jubilee is proving to be a true *annus horribilis* ("horrible year") for Her Majesty, the royal family, and entourage. It is turning out to be a giant flop.

Throughout the first months of 2002, there have been a slew of panicked articles in the British establishment press, that there has been no sign of excitement whatsoever among the general British population for celebrating this moment. The monarchy and the government of Prime Minister Tony Blair have been desperately trying to drum up some signs of effervescence. To add insult to injury, when it was announced that Britons would gain two extra days of work holidays during the first days of June, so they could celebrate the 50th anniversary of the Queen's coronation on June 2, the result was that an all-time record of Britons made plans for vacation, and to leave the country! *EIR* readers who may have had plans to be driving in northern France at that time, are advised to find somewhere else to go.

In an attempt to "liven things up," Blair's 10 Downing Street has announced that there is to be a big government-sponsored event to honor Her Majesty, for invited influentials, on April 29. Beyond this, all sorts of aging rock n' roll celebrities—who have been granted knighthoods to accompany their graying hair and increasingly warped voices—will be attempting to rally the masses for a spectacular "Jubilee Concert," on June 3. These include Beatle Sir Paul McCartney,



The 50th year of Elizabeth II's reign is drawing no great interest from her subjects, and like Her Majesty's Blair government, the Windsor dynasty may be sinking.

guitarist Eric Clapton, Sir Elton John, and others.

To give a sense of the mood in certain quarters of Britain, the Fabian Society—the organization founded in the early 20th Century and which has often served as the left buttock of the House of Windsor—is sponsoring an "alternative Jubilee," and is trying to bring together numerous forces who are convinced that the monarchy is an anachronism. The Fabians will be holding a mid-June conference, entitled "Whither the Monarchy?" Some wags have recommended that the title be changed, to "Wither the Monarchy?"

Multiple Embarrassments

Meanwhile, the political humiliations mount, for the House of Windsor monarchical structure.

First, Her Majesty's Prime Minister Blair, who is invested with considerable powers by the monarchy and its Privy Council, and who meets with Queen Elizabeth once every week, is faced with massive opposition, both for failed internal policies, and for his non-stop trips to various parts of the globe, in the self-imposed role of, as one caustic commentator labelled it, "President of the World."

Second, the Queen's Commonwealth, which was designed after World War II as a variant of the British Empire, has been jolted by an unprecedented crisis, over the election in Commonwealth member Zimbabwe. Although that crisis appears to have been met, for the moment, by the March 19 announcement that Zimbabwe would be suspended from the institution for one year, an immense amount of ill-feeling has been created, between the white-dominated Commonwealth countries—Britain, Canada, New Zealand, and Australia—and all the rest, with potentially devastating consequences. This occurs after the Queen herself inaugurated the latest Commonwealth Heads of Government Meeting, in Australia in early March.

On that occasion she faced another embarrassment, when her racist husband, His Royal Highness The Prince Philip, who was the co-founder (with former Nazi SS intelligence member Prince Bernhard of the Netherlands) of the World Wildlife Fund (now World Wide Fund for Nature), went up to a group of Aborigines in Australia and asked, "Do you still throw spears at one another?" Luckily for him, he escaped one being thrown at him; the Aborigines' leaders, being more civilized than he, politely told him that this was not the case.

44 International EIR March 29, 2002

Yet another blow came with the release of a book about the late Princess Margaret, just two weeks after her death in mid-February. Entitled *Margaret*, *The Last Real Princess*, by Noel Botham, the book alleges that Margaret was a user of cocaine and marijuana, and recounts an incident when she visited the dressing room of the Rolling Stones rock group, and sniffed cocaine there. Margaret's son, Viscount Linley, is bringing legal action to stop the book's circulation, but news reports revealing the core allegations of the book have already spread far and wide.

The House of Windsor gets particularly nervous about such revelations—even if similar allegations have been made many times in the past. It has invested enormous effort in circulating internationally, including by Anglo-American media circuits, the slander that "Lyndon LaRouche claims that Queen Elizabeth II pushes drugs." She does not "push them"—in the sense of a street-corner hustler—but, as the case of Princess Margaret suggests, members of the House of Windsor do use them.

The Influence of Diana

Well-informed experts on the monarchy claim that there is a deeper cause for the House of Windsor's woes. Harold Brooks-Baker, who is the chief spokesman for the monarchist *Burke's Peerage*, told *EIR* that more and more people find the House of Windsor (the world's most dysfunctional family) to be less and less relevant.

One reason for this had been the role played by Diana, who had had the misfortune of marrying the "Hare Apparent," His Royal Highness The Prince Charles. Brooks-Baker pointed to this factor, and observed: "Diana, Princess of Wales, had had an immense influence throughout the world, so it was not bad news for the Royal Family when she died. And, their callousness at her death had an impact as well. . . . There was no room in the monarchy for Diana . . . to play the international political role that she did. . . . Princess Diana had done great harm to the popularity of the monarchy, when she posed the choice to the British subjects of choosing between her or the monarchy. . . .

"Once, the British monarchy had been viewed in semireligious terms, and these days are now gone. The monarchy has been unable to make the transition. In particular, Princess Diana made it seem that her former husband, the Prince of Wales, was unfit to govern."

Diana Entwhistle, of the British Fabian Society, who is helping to organize its "alternative Jubilee," told *EIR*: "The whole of British society was engaged with Diana's plight. She had become of symbol status or celebrity status. She was the Queen of Hearts, and with her death in the way that it happened, people had lost interest in the Royal Family. People do not feel engaged with the Royal Family any more."

Unfortunately, both of these sources have perhaps deliberately overlooked that it was Diana's quest for a mission, in the footsteps of Mother Teresa, that made her so admired as a moral force, in contrast with the out-of-step British monarchy.

Cheminade Targetted in French Election Crisis

by Christine Bierre

As the French Presidential elections move into their final month—the first-round Presidential vote is scheduled for April 21—the voters' mood is turbulent; all polls are reporting that more than half the French electorate has still not decided for whom to vote. A primary reason is the extremely poor quality of the political debate so far. Never before has a French Presidential campaign been so concentrated on the narrowest of "national" issues, in spite of the economic and strategic crises gripping the world.

"Security problems" have almost entirely occupied the first part of the campaign, with the two main candidates, President Jacques Chirac (RPR) and Socialist Prime Minister Lionel Jospin, vying with each other in initiatives to deal with increasing crime. National TV networks are demagogically using this question to the hilt: It is not rare for petty crime to monopolize the first 10 minutes of the 8 p.m. TV news. The main candidates have totally ignored the world financial crisis and main issues in foreign policy, such as the Israeli-Palestinian conflict, and the new American war against the "axis of evil"

From the beginning, all major candidates abandoned any idea of presenting a vision or program for the global crisis, and have gone instead into an indecent scramble for votes. Ever since political analysts claimed that whoever gets the "center vote" will win, Chirac and Jospin have tailored their "themes" to get that center vote. Jospin declared that although he was of Socialist "sensibility" himself, his program was not Socialist in essence. Chirac, for his part, presents ideas which he has borrowed from Jospin's Socialist Party. As a result, recent polls report 75% of the population can no longer tell the difference between them!

Nomination System Implodes

This scrambling for the "center"—mirroring what corrupt American consultants call "triangulation," which goes for the middle-class vote—has opened the flanks to both extremes. Arlette Laguillier, candidate for the Trotskyist Lutte Ouvrière, is surging at 9% in the polls, the Communist Party at 4% and the Greens at 6%. On the far right, Jean Marie Le Pen is given 10% of the vote. Jospin's and Chirac's centrist campaigns have pulled the rug out from under former Defense Minister Jean-Pierre Chevènement, the would-be "third man" of the race, now at 8%.

EIR March 29, 2002 International 45

But the most striking element is the crisis of the entire system, designed by French President Charles de Gaulle, of "presentation" of Presidential candidates for ballot status. Now, less than 30 days before the election, it is still unclear who, beyond the very top candidates, will be on the ballot. In order to run, a candidate must be "presented" in the form of letters from at least 500 grand electors, chosen from among a pool of about 47,000 elected officials. While the major institutional parties have no difficulty in gathering such letters of presentation, the independents can only hope to collect them by contacting the small-town mayors, who are generally not party-affiliated.

Mayors Go 'On Strike'

However, whereas de Gaulle determined that the "presentations" would remain secret, the powers that be have since decided to squeeze out their competition, by ruling that the list of names would become public. Thus, the mayors have become targets of pressure and threats from the higher political echelons, upon whom they depend for the rare financial subsidies they can get for their towns.

Enraged about this, and furious at a national political class whom they deem responsible for the ever-increasing poverty of the countryside, some 60% of these mayors decided to "go on strike," refusing to sign for any candidate. So, a majority of the more independent candidates, and even some candidates with national institutional backing, may never make it onto the ballot.

According to recent reports, it is unlikely that right-wing leader Le Pen will be able to run, despite his 10% poll showing, because he has fewer than 100 signatures. Laguillier is also having difficulties; the Green party candidate has announced he has only 185 signatures in hand; Christine Boutin, a National Assembly deputy and "values candidate," acknowledged only 200.

There are rumors that even François Bayrou, the head of the UDF party, and the former neo-liberal Finance Minister Alain Madelin, lack the signatures; "third candidate" Chevènement has had to send petition-gatherers back to the job. While some of these candidates will get help from the bigger parties who need them to be able to establish government majorities, some other highly "representative" candidates will not be present in the race.

Cheminade Campaign Blacked Out

Though a majority of French citizens find the level of the campaign abysmal, and declare that they would like to see a new face in the race, the two main parties and their media outlets have imposed a total, determined blackout against Jacques Cheminade, the leading associate of Lyndon LaRouche in France, and the only candidate who could provide an alternative in the race.

Although the national broadcasting regulatory authority has ruled that that between Jan. 1 and April 5—when the

Constitutional Council will publish the final list of candidates—all declared candidates must be accorded coverage, Cheminade has not once been allowed on any TV or radio talk show, nor mentioned in the great majority of the press. Or, rather, the press has outright lied: First, the media invented the rumor that he had not declared his candidacy; then, that he was not an "official" candidate—because he is not part of the "families" that share power in France. It is only when they realized that Cheminade had obtained more than 500 commitments for "letters of presentation," that the media reacted—but with the intention of stopping him from turning these promises into signatures.

National TF channel France 3 ran an interview with Cheminade along with some of the more picaresque of the minor candidates. Sandwiched between a single-issue candidate and a prostitute heading the Pleasure Party, Cheminade was presented as a true lunatic, whose party platform calls for the colonization of the Moon. A few days later, France 2 TV did a similar job, playing up Nicolas Miguet, a petty fraudster, and candidate for the extreme right. France 2's coverage insisted that none of these candidates will ever get 500 letters.

Illegal Attacks

Then, while complete silence was again clamped down on Cheminade's campaign, Miguet was deployed in a major effort to stop the mayors committed to Cheminade from signing the letters. A couple of months before the campaign got into full swing, Miguet provided gift subscriptions for the small-town mayors to his weekly, *L'Hebdo*, which is modelled on the extreme right paper *Minute*. In his Feb. 20 and March 6 issues, Miguet put out a crude warning to the mayors, not to sign for Cheminade, threatening that since Cheminade was "the head of a cult" named in a Parliamentary report, any mayor who signed for him would face immediate investigation and that public exposure would lead to their having their subsidies cut.

Designed to create maximum fear, these bald-faced lies caused many mayors to withdraw their signatures. On March 20, the Cheminade campaign started legal proceedings against *L'Hebdo* for defamation, as well as against the major national newspaper *Le Figaro*, whose March 18 issue had carried another slander. *Le Figaro* reported on the case in which Cheminade was convicted for alleged theft against one of his movement's supporters, whose family later claimed had Alzheimer's disease; however, *Le Figaro* neglected to report that this case was reversed on appeal.

In spite of the efforts to get someone who is being trumpetted as a minor candidate, knocked out of the race, Cheminade's volunteers have presented the Constitutional Council with a first batch of 366 letters. More will be going directly to the Council, and Cheminade's Solidarité et Progrès volunteers are working day and night, in a race against time to obtain the remainder.

46 International EIR March 29, 2002

Colombian Voters Throw Over Narco-Capitulators

by Valerie Rush

Colombians gave an unmistakeable "thumbs down" to the Andrés Pastrana government's four-year policy of appeasement of the narco-terrorist cocaine cartel known as the FARC, when they went to the polls on March 10 and voted en masse against the "establishment" congressional candidates from the ruling Conservative and "opposition" Liberal parties. In fact, the Conservative Party was hit so badly that its chairman resigned in shame, its Presidential candidate threw in the towel, and a much-reduced bloc of Conservative congressmen gave their support to the front-running Presidential contender, dissident "hard-liner" Alvaro Uribe Vélez.

From now until the Presidential election in May, the issue on the table will not be whether to move against the narcoterrorists. That question was already decided on March 10. Rather, the campaign must now center around how to defend and rebuild the war-ravaged nation of Colombia, in the midst of an international financial crash brought on by the same global financier interests in Wall Street and the City of London who promoted the narco-terrorist FARC in the first place.

The Choices Facing Colombians

In the period leading up to the election, a dramatic escalation of FARC terrorism across the country had forced Pastrana to abandon his cherished illusion of clinching a negotiated "peace pact" with the FARC before leaving office. Instead, he ordered the military to retake the "DMZ," 42,000 square kilometers of sovereign territory he had surrendered to the FARC cartel upon assuming the Presidency in 1998. The population celebrated this long-overdue decision to unshackle the Armed Forces, but gave no credit to Pastrana or to the political elites who have backed his lunatic policy for years.

The FARC's reaction has been to up the ante. In the days immediately after the "DMZ" and its 100,000 captive inhabitants were liberated, FARC terrorists seized fringe Presidential candidate Ingrid Betancourt, and are holding her and at least five kidnapped congressmen, in hopes of exchanging them for imprisoned FARC leaders. FARC attacks on the nation's critical energy, telecommunications, water, and transport infrastructure have escalated, as well. On March 16, Archbishop Isaías Duarte Cancino from the city of Cali—an outspoken critic of both the FARC/ELN narco-terrorists and the drug traffickers infiltrating government—was gunned down leaving church. Terrorist attacks on Colombia's urban centers and

more targetted kidnappings and assassinations are expected.

Uribe Vélez has promised, if elected, to use the resources of the State to fight back, with everything from armed militias even to foreign troops. But, by also embracing the very neoliberal economic policies that have driven the Colombian economy into free-fall, he has been unable to present the nation with a plan for winning the peace, while winning the war.

The only candidate who has done that is retired Army general and former Armed Forces Commander Harold Bedoya Pizarro, who has not only pinpointed the Wall Street-FARC alliance that Colombia is up against, but has elaborated an economic reactivation program for the country, within the context of an international reorganization of the global monetary and financial system. Unlike Uribe Vélez, Bedoya also insists that Colombia's Armed Forces can win the war against narco-terrorism without resort to UN "blue helmets" or foreign troop interventions—as long as they are given the financial, logistical and, most importantly, political backing they require.

How Will U.S. Policy Change?

Without a radical change in U.S. policy, however, it will be extremely difficult for Colombia, at this point of advanced disintegration, to seize the opportunity provided by the decisive electoral defeat delivered to the capitulationists on March 10. For more than two decades, despite occasional opposition here and there by saner American policymakers, U.S. policy towards Colombia has been dictated by Wall Street financiers who not only want to continue enjoying the proceeds of the drug-trade, but seek to legalize the business outright. Thus, despite the policy twists and turns since the drug trade established its beachhead in Colombia in the late 1970s, U.S. policy has been primarily aimed at taking down the national economy, State, and military of Colombia, while insisting the government negotiate "peace" with narcoterrorists.

Thus, the lie that the FARC are idealistic "rebels" and not narco-terrorists, was promulgated by the likes of New York Stock Exchange chief Richard Grasso, America On-Line founder Jim Kimsey, et.al. Also critical to blocking proper U.S. military assistance to Colombia, has been the continuous slanders against Colombia's Armed Forces propagated by the United Nations and its gaggle of European and American "human rights" NGOs—most financed by George Soros's drug-legalization operation.

In March, the Bush Administration began shifting policy towards Colombia, on a critical front. Against a backdrop of

To reach us on the Web: www.larouchepub.com

EIR March 29, 2002 International 47

public statements and testimony to Congress on the "symbiotic relationship" between terrorism and the drug trade, administration officials announced it would ask Congress to eliminate the restriction which currently prohibits U.S. security aid to Colombia from being used in anything but counternarcotics operations. Under the current law, for example, the U.S. cannot legally provide Colombian authorities with satellite and other intelligence on FARC, ELN or other terrorist activities, unless it could be proven directly related to drugs.

Then, Attorney General John Ashcroft and Drug Enforcement Administration chief Asa Hutchinson announced on March 18 that three FARC leaders, including the head of the its 16th Front, Tomás Molina Caracas (alias "El Negro Acacio"), had been indicted for drug- and weapons-trafficking. Hutchinson specified that the 1st, 7th, 10th, 39th, and 44th Fronts, "among others" are identified as supplying cocaine to Acacio's operation. Ashcroft said the entire FARC was being indicted: "Today's indictment charges leaders of the FARC not as revolutarionies or freedom fighters, but as drug traffickers."

That established, on March 21, the administration included a change in restrictions on aid to Colombia, in its supplemental request to Congress for \$27.1 billion in new security aid. The bill would permit Colombia to use U.S. aid to counter the "threat posed by groups that use narcotics trafficking to fund their terrorist and other activities." No change was proposed, however, to the drug legalizers' favorite law, known as the Leahy amendment, which, in the bogus name of protecting human rights, allows George Soros' stable of "human rights" activists to knock out any Colombian military officer who fights to win, in any battle with the narcoterrorists.

Should Congress approve the change, stepped-up U.S. military aid should start going through. However, given the Bush administration's adoption of the utopians' imperial military posture globally, the question of what *kind* of aid goes to Colombia, and what, if any, broader policy package accompanies it, looms as a big question.

Thus far, officials, from President Bush on down, insist they have no intention of sending U.S. ground troops into Colombia, but rather, as Secretary of State Colin Powell said in a March 20 interview with the Colombian daily *El Tiempo*, "It's a matter of trying to support the government of Colombia while it defends itself from terrorists and the drug trade."

Repeated reports, however, insist that plans for increased aid to Colombia come attached to the sending of a new contingent of U.S. Special Forces trainers, modeled on the current deployment of "trainers" and "advisors" to the Philippines—who *are* deployed in combat, despite the official lies to the contrary. In any case, Colombia has not been losing this war because of a lack of Special Forces training, but rather because of the foreign-imposed refusal to mobilize all the State's resources—military, economic and civilian—to defeat Wall Street's Dope, Inc.

Sri Lanka

Tamil Tigers, Colombo Search For Peace

by Ramtanu Maitra

At midnight on Feb. 23, the new Sri Lankan government of Prime Minister Ranil Wickremesinghe of the United National Party (UNP), signed a cease-fire agreement with the separatist Liberation Tigers of Tamil Eelam (LTTE). Tamil Tigers supremo Velupillai Pirabhakaran also signed the agreement, and expectations are running high, particularly in Sri Lanka's Tamil community, that it may lead to talks to settle the 19-year-old conflict, which has claimed thousands of lives.

Soon after the cease-fire agreement was signed, India welcomed the move. In mid-March, U.S. Assistant Secretary of State for South Asia Christina Rocca was in Sri Lanka, and told the Sri Lankan authorities that her government considers the current peace process the best possibility ever to end the war. She said the United States would be watching the Norwegian-mediated peace process very closely.

Another Oslo Initiative

The cease-fire agreement was brokered by a Norwegian delegation. The Norwegian government had maintained close links with the Tamil Tigers, through Tamil exiles settled in Norway. An international monitoring group, the Sri Lanka Monitoring Mission (SLMM), will oversee the cease-fire. The head of the Mission will be the final authority on any dispute between the parties. Retired Norwegian Maj. Gen. Trond Frudhovde will head the Mission; and the former Norwegian negotiator, Eric Solheim, will be the Special Adviser for the Norwegian Foreign Ministry.

Needless to say, not everyone likes the Norwegian intervention, which goes back many years. Both the powerful Buddhist Sangha of Sri Lanka, and the country's President, Mrs. Chandrika Kumaratunga, have accused the Norwegians of bias toward the Tigers. On the other hand, a Tiger statement said its leader Pirbhakaran had asked for Norway's "continuous engagement" in efforts to start talks with the government.

No doubt, the peace process is going to be an arduous one, and it requires an enormous amount of goodwill from both sides to succeed. The difficulty began with President Kumaratunga contesting the agreement. A harsh political opponent of Prime Minister Wickremesinghe, her party, the People's Alliance (PA), lost a bitterly fought electoral battle to the

48 International EIR March 29, 2002

UNP last December—only a few months before the cease-fire agreement was signed. Subsequently, President Kumaratunga has gone on record to publicize her view that she does not approve of the agreement, because it provides undue advantage to the LTTE.

In 1995, President Kumaratunga herself signed a ceasefire agreement with Pirbhakaran. The agreement failed, though it was similar to the present one, but with some significant differences.

A reading of the agreement indicates that the Tamil Tigers got more than they could have expected. It deals with many issues which are open to different interpretations, and the Norwegians are expected to have a tough task in resolving these differences, given the rigid stance expressed on earlier occasions by people on both sides. Wickremesinghe is aware of the shortcomings, and has admitted that there could be "problems." He said on one occasion that while the cease-fire would create a peaceful atmosphere, the war will not end because of the cease-fire agreement.

Wickremesinghe has already begun to build support in Sri Lanka's majority Sinhala community. It is a difficult task, but, given the other alternative, which is the continuation of the bloody war, peace should be acceptable to most Sinhalas.

The cease-fire agreement provides that neither party shall engage in any offensive military operations, but it does not limit direct or indirect weapons, armed raids, ambushes, assassinations, abductions, destruction of civilian or military property, sabotage, suicide missions, and activities by deep penetration units. There is a view that "abductions" will cover forced conscription of child-soldiers allegedly indulged in by the LTTE.

The Sri Lankan Armed Forces would continue to perform their legitimate task of safeguarding the sovereignty and territorial integrity of Sri Lanka, without engaging in offensive operations against the LTTE. This is, again, a vague provision, liable to be interpreted differently by the two parties. If the Army aims to prevent unloading of arms in LTTE-controlled territories, this will be contested, as LTTE claim unfettered freedom in "their" territories. This part of the agreement is worrisome to the Sri Lankan Army, in particular.

Need for International Support

Setting aside the hard path that lies ahead of effective negotiations, both sides need international support. With his landmark visit to Jaffna, a Tamil-majority area under military control of the Tigers, in early March, the Sri Lankan Prime Minister has earned the goodwill of the Tamils. Conversely, the same visit reassured the majority Sinhala community that the peace process is not intended to divide the country. Describing the visit as "bridging the North-South divide," the Sri Lankan *Daily Mirror* said it was historic, because it signified "the beginning of a process to restore the country's unity and integrity."

Notwithstanding his success at Jaffna, Wickremesinghe



Sri Lanka's newly elected Prime Minister Ranil Wickremesinghe, in office only three months, has begun the extremely difficult course of cease-fire negotiations with the strong separatist forces of the Liberation Tigers of Tamil Eelam.

may run into a brick wall within his Sinhala community. The first phase of local elections in Sri Lanka took place on March 20, and the concluding phase is set for March 25. These elections have already been labelled a referendum on the cease-fire agreement. Particularly aggressive in opposing the agreement is the Janatha Vimukti Peramuna (JVP) party, a coalition partner in President Kumaratunga's People's Alliance. The JVP, a right-wing nihilist political group, was banned by the late Sirimavo Bandaranaike, then Prime Minister, and President Kumaratunga's mother, following an armed JVP uprising in 1971 to topple the Bandaranaike government. In those days, the JVP was very close to the North Korean Maoists. But since then, it has metamorphosed into an extreme rightwing Buddhist fundamentalist party, with strong links to the Buddhist Sangha.

An end to the Sri Lankan war would improve the overall security situation in South Asia. The Tamil Tigers, with a strong fundraising base in the United Kingdom, Canada, Germany, and Scandinavia, have evolved into a dangerous and powerful terrorist group. Besides the Kurdish Workers Party (PKK) in the Middle East, few other secessionists group match the Tigers in arms and drug networking. They get their arms from East Europe and Singapore and carry heroin from both Myanmar and Pakistan. They have an extensive working relationship with various tribal secessionist groups in northeastern India, and the Maoists in both India and Nepal. There were sketchy reports of links with Osama bin Laden and al-Qaeda. Such linkages are difficult to establish, but Tigers were spotted in Afghanistan during the heyday of the Taliban.

♦ LAROUCHE IN 2004 ♦ www.larouchein2004.com

Paid for by LaRouche in 2004.

EIR March 29, 2002 International 49

EIRHistory

War Breaks Out Again Over Troy, and the Truth of History

by Rosa Tennenbaum

The main auditorium of the University of Tübingen, Germany was packed to the rafters for two days on Feb. 15-16, with dozens fighting for standing room. Newspaper and journal articles had drawn the attention of all scholarly Europe to a highly unusual, extended debate. Though Germany is holding national elections, the opposed speakers were not politicians. They were leading archaeologists. The magnet of controversy, which attracted more than 900 listeners on the 16th, was: the ancient city of Troy; and Homer, the deathless bard who sang of the Trojan War, and thus began to bring to birth Classical Greece out of the dark ages which had followed that war.

One would never have expected such a turnout to hear a scholarly debate over an issue of scientific principle. But where Troy is concerned, expect the unexpected. For the 2,800 years since Homer composed his great epics—or more precisely, for 3,200 years, since the time the Trojan War Homer sang of in his *Iliad* probably was fought—mankind has been concerned with the fate of Troy.

The contestants on one side of the Tübingen debate, were the leaders of an archaeological team directed by Tübingen Prof. Manfred Korfmann (see *Interview*), who have been making new discoveries at the site of Troy (near today's Hisarlik, Turkey) for more than a decade. In 2001 they coordinated an exhibition, "Troy: Dream and Reality," which has been wildly popular, drawing hundreds of thousands to museums in several German cities for six months (see *EIR*, Feb. 8, 2002). They gradually unearthed a grander, richer, and militarily tougher ancient city than had been found there before, one that comports with Homer's Troy of the many gates and broad streets; moreover, not a Greek town but a great maritime city allied with the Hittite Empire. Where the famous Heinrich Schliemann, in the 19th Century, showed that Homer truly pinpointed the *location* of Troy, and of some of

the long-vanished cities whose ships had sailed to attack it, Korfmann's team has added evidence which tends to show that the bard also truly gave us the city's *character and qual*ities

On the other side, were European archaeologists who, for the most part, have not excavated at Troy, but who have taken up public opposition to the Tübingen group's findings, and to its exhibition. They have been determinedly fighting to cut the Troy of Korfmann and his team back "down to size," and above all, to keep Homer out of it! As in the many scholarly battles over Troy for hundreds of years, the eternal works of the great poet are always in the center of the controversy.

Homer's Epics Speak to Us Still

Scholars have dueled incessantly over the Trojan Wars for more than two centuries. But their differences often featured episodes dreamed up by latter-day mediocrities, who thought thereby to acquire for themselves something of Homer's glory, by lying outright about the poet and his works. Homer sang of the First Trojan War. The second broke out in 1795 when, out of the blue, one Friedrich August Wolf suddenly claimed that the *Iliad* and *Odyssey* were just cut-and-paste jobs of a number of different songs—poetic inventions, not histories—by, not one, but several different poets. Thus the historical Troy was disposed of; as for Homer, *dixit* Wolf, he had simply never existed. Lo and behold, during the 19th Century, Wolf's brainstorm came to dominate scholarly opinion.

When, in 1871, Schliemann began to dig on the hill at Hisarlik, to which he had come using the *Iliad* literally as his guide, the Third Trojan War promptly broke out: a sizable chunk of the scientific community could not tolerate the idea of someone digging up out of the mists of history, a Troy they had labelled deader than the dodo.

50 History **EIR** March 29, 2002

Since 1988, under the leadership of Professor Korfmann, fresh excavations have been under way. His team of 75 scientists from around the world, with widely varying expertise, has made discoveries that have come to revolutionize our notion of Troy. Through his work, it has become manifest that Troy could not have been a Greek city, as dozens of generations have assumed, but rather belonged to the broader cultural area of Anatolia. From that vantage point, earlier finds have been given their proper significance, and many disputed points cleared up.

Among the most significant recent finds have been, *inter alia*, a defensive trench completely around the city; an extensive tunnel system which collected and distributed potable water; and a large "lower city," surrounding the hill where Schliemann excavated. All these discoveries have placed Homer squarely in the center of the debate—yet again!

There is, among many examples, the discovery in 1997 and 1998 of reservoirs and a subterranean supply well outside the lower city's wall to the west. Homer described this in Book 22 of the *Iliad*, when Hector, being pursued by Achilles around the city wall, reached "where those two mother springs/ Of deep Scamander poured abroad their silver murmurings—/ One warm and casts out fumes as fire, the other, cold as snow/ Or hail dissolved. And when the Sun made ardent summer glow,/ There water's concrete crystal shined, near which were cisternes made/ All paved and clear, where Troyan wives and their fair daughters had/ Laundry for their fine linen weeds, in times of cleanly Peace/ Before the Grecians brought their siege."

Evidence from the aforesaid finds has been collected in a touring exhibition that has, over the past year, been at Stuttgart, Braunschweig, and now Bonn, drawing almost 1 million visitors. The press has reflected that keen interest—hundreds of articles have appeared, and dozens of new books on Troy, while the *Iliad* itself has gained pride of place in the bookshops. Works of a scientific bent on Troy and Homer have been selling well, and conferences on this topic have pulled in a flood of participants.

As little as ten years ago, interest in this ancient world was virtually extinct outside a narrow circle of experts. Things have certainly changed! Korfmann's excavations, and his exhibition, have unleashed in Germany, what one may fairly call a renaissance of interest in the ancient world in this period when the great war broke out across the Aegean Sea. And they have triggered, predictably, a conflict along well-known factional lines.

The Fourth Trojan War

Since the Summer of 2001, the Fourth Trojan War has been raging, provoked by a Tübingen professor of ancient history, Frank Kolb. In an article in the daily *Berliner Morgenpost*, Professor Kolb declared war on his colleague Manfred Korfmann. Just as one might think a daily newspaper something of an inappropriate forum for such a debate, so was Professor Kolb's language something less than choice.



"Troy: Dream and Reality"—the archeological exhibition based on the last 15 years' discoveries at the site of Homer's Troy—has drawn nearly a million visitors to German museums. The public enthusiasm has also reignited scholarly arguments, directed against the evidence of the historical truth of Homer's Iliad.

He alleged that Dr. Korfmann has been leading the public down the garden path, that he has falsified his excavations and over-interpreted his finds; in a word, that Korfmann is twisting historical truth, in order to be the Great Popularizer.

With throngs flocking to the "Dream and Reality" exhibition, Kolb's remarks against it were trumpeted high and wide by the mass media; then, interviews and scholarly declarations began to rain down from all sides. The Feb. 15-16 "seminar," which became a packed and widely watched debate under the title, "The Significance of Troy in the Later Bronze Age," was held, ostensibly to clear the air. In attendance were the two main protagonists, along with 11 scientists from the relevant disciplines, from all over the world: archaeologists, experts on ancient history and on the ancient Orient, philologists, Hittite scholars, and experts on Homer.

The battle got going over a wooden model of Troy, shown at the exhibition, which includes the citadel and a well-built, far-spreading lower city. Professor Kolb decried it as "public trickery," on the ground that each little house shown on the wooden model does not correspond to a particular find at the excavation at Hisarlik. Kolb had previously protested—and he brought this up several times during the symposium—that in Homer's days (the Eighth Century B.C.) Troy had been "but a smallish settlement with scrubby little dwellings." As for the trench excavated by Korfmann's team, which they

EIR March 29, 2002 History 51



What remains of the large city walls excavated around the ancient city of Troy, with a section of its controversial defensive trench shown at right. The exciting discoveries and the many controversies have drawn wide public interest, and led to a full-dress debate over the finds, at Tübingen on Feb. 15 and

believe to be a defensive trench against the most dangerous form of weaponry of that age—war chariots—Professor Kolb begs to differ. In his view, the trench must have been for drainage purposes.

In the *Iliad*, Homer precisely described such a trench as Troy's defensive barrier against war chariots: "...which being so deep, they could not get their horse/ To venture on, but trample, snore and, on the very brink,/ To neigh with spirit, yet still stand off. Nor would a human think/ The passage safe.../ The dike being everywhere so deep and (where 'twas least deep) set/ With stakes exceeding thick, sharp, strong, that horse could never pass,/ Much less their chariots after them" (Book 22, George Chapman translation).

The trench unearthed by Korfmann's team around the "lower city" of Troy is a major work: roughly 10 feet wide, 5 feet deep, and the length of a quarter-mile running track, dug into the rockside. Digging such a trench would have taken great labor. The question naturally comes to mind, whether Troy's inhabitants would willingly have put in so much time and work just for an irrigation canal, when one could have easily been dug into the loam, very close by to boot. War chariots, moreover, played a major role at Troy. In the treaty between Hittite overlord Muwattalli II (ca. 1290-1272 B.C.) and "Alaksandu of Wilusa," Troy undertook to place troops and war chariots at the Hittites' disposal in the event of war. A war chariot was a highly complex piece of equipment, which could not have been hammered up by some village blacksmith, but rather required both properly trained craftsmen, and specially bred horses, whose training took three years. All of this represented a major investment, and called for upkeep and infrastructure.

The Hittite Empire would not likely have placed such demands, nor signed such a treaty, with a "scrubby little town." But was Wilusa, with which the Hittites had that treaty, actually Troy? That is the second sticking point.

The Language of the Iliad

Frank Starke, a Hittite specialist from Tübingen, said during the symposium that "Troy's geographical position has been ascertained with certainty." His own work has shown that the place-name "Wilusa," that crops up frequently in Hittite documents, is the same city known to the Greeks as Troy. Homer often calls it "Ilios"—very close to "Wilusa," since Greeks of Homer's time had ceased pronouncing "w."

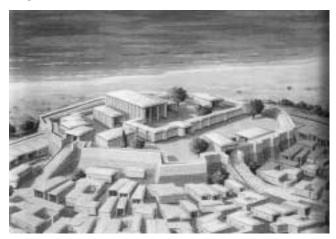
Starke was straightaway contradicted by Mrs. Heinhold-Krahmer, a Salzburg Hittite expert, who objected to the idea that "comparison might be sustained, solely on the basis of coincidental assonances." She contended that one would first have to find written evidence with that name at the very site, if one was to be absolutely positive that the excavated hill was indeed Troy. Heinhold-Krahmer essentially demanded that Korfmann dig up a 3,000-year old street sign, before calling Troy, Troy.

And now to disagreement among the philologists, the scholars of language and meaning. This would seem, at first sight, astonishing, since research on Homer's epic poems has been greatly stimulated by Korfmann's excavations.

Troy was utterly destroyed some time around the year

52 History **EIR** March 29, 2002

How Troy May Have Looked in Third Millenium B.C.



This computer reconstruction of the layout of Troy II was done by the University of Tübingen team excavating at the site since 1988. The pattern was already seen here, of an upper city (the "fortress hill," or citadel) and a lower city, which at the later time of the Iliad, had some 7,000 inhabitants and its own surrounding wall and moat.

1200 B.C., the point at which High Mycenaean culture (1600 to 1200 B.C.) collapsed, and Greece sank into a 400-year dark age. Homer sang of the disaster in his *Iliad*, composed after that dark age. Joachim Latacz from Basel, Switzerland, and Wolfdietrich Niemeier from Athens, pointed to indications in the *Iliad* that the entire original Troy story (not Homer's epic) stems from the Mycaenean period, and was handed on down accurately for centuries by bards, to Homer in the Eighth Century. It is most remarkable that the *Iliad* contains a great many words and poetic epigrams that were no longer used in Homer's day, and that his descriptions of armor, weaponry, battle formations, and even architecture, were Mycaenean.

At the debate, Wolfgang Kullmann of Freiburg University saw it otherwise. He argued that the "Troy story was [first] told after the dark age was past"; in other words, in Homer's lifetime. Although Dr. Latacz showed that the "catalogue of the ships" that Homer gave at the end of the *Iliad*'s Book 2, follows a list dating from the Mycaenean era, Kullmann insisted that the original was "a list of participants in the upcoming Olympic Games."

The third clash involved the expression "trading city." To Professor Korfmann, Troy played an important role in trade. A member of his team observed with some exasperation, at the debate, "Had the Trojans ever imagined how acrimonious the dispute over their city was to become, they would doubtless have taken the precaution of depositing little signposts all round," and taken care to stash away somewhere a ship's cargo with freight from every known spot on the globe.

Though they didn't bury such mercantile time-capsules for us, the Trojans enjoyed an outstanding strategic position,



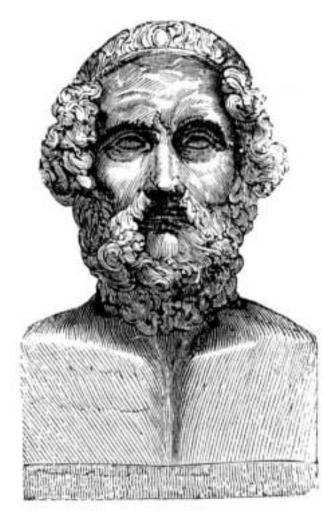
The bronze signet seal of a scribe, evidence of writing in more than one script at Troy. This is the first time written "documents" have been found at the site.

with Troy lying precisely between the European and Asian continents, and at the head of the passage from the Mediterranean to the Black Sea. But Dieter Hertel of Munich University, leading an attack on Troy's maritime status, called this position "irrelevant." Despite the fact that trade has been attested just about everywhere else in the world at that time, and although Kolb himself readily acknowledged that trade was intense throughout the Levant, Kolb and his colleagues arrayed against Korfmann insist that in the northern Aegean and in the Black Sea, there was no trade, nothing but "exchange of royal gifts."

The same sort of reasoning was applied to writing systems. According to Bernhard Hänsel of the University of Bochum, the entire northern Aegean was a "writing-free zone" in Mycaenaean times. Although all of Troy's neighbors had been using writing systems for centuries—the Hittites, the Egyptians, the Mycaenaean Greeks themselves—Hänsel claimed the Trojans were wallflowers in this regard. And what is one to say about the seal found at Troy, covered with Hittite and Luwian inscriptions? Kolb argued that one "cannot take seriously" Korfmann's hypothesis that this shows that writing was in use, supposing instead that the seal was "brought there by some trader."

A trader, visiting a city without any trade? It seemed that in their eagerness to dampen the public's enthusiasm for Korfmann's team's new picture of Troy, Kolb and his colleagues caught themselves in some contradictions. From the outset of the debate, Professor Kolb accused Professor Korfmann of entertaining "other than purely scientific mo-

EIR March 29, 2002 History 53



The epic poems of Homer, composed during the 8th Century B.C. after the centuries-long dark age which followed the Trojan wars, remain at the heart of the scientific debate over the truth of those times for universal history.

tives." Motives outside science may be at work on the accuser's side, though. What scientific motive could have impelled Kolb's associates to intervene with the German Society for the Advancement of Research, which has been co-financing the excavations at Troy, to cut off Korfmann's funding?

'Hypothesis Non Fingo'?

For Hans-Peter Urpmann, the biologist of the Tübingen University excavating team, critical issues are at stake. For decades, archaeology, as a scientific discipline, had taken a back seat to so-called "pure historical studies." But now, says Urpmann, it is in the spotlight, while the "pure" historical sciences are "backed up against the wall." "Not a single drop more can be squeezed" from the texts over which the "pure" historians have been poring for decades. Those historians want to keep the upper hand over history, he maintains, and have been defending their position by gripping with "tooth

and claw," onto fixed categories and concepts.

Oddly enough, the hard core of the accusation which Professor Kolb and his fellow attackers have been levelling at the Korfmann group, is that the latter have dared to formulate hypotheses about the meaning of what they have found. Kolb and others insisted that "one is not entitled to base one's arguments on anything other than finds that one has actually got in hand, and certainly not on hypotheses." Quite the opposite view was taken by Korfmann, who said, "a hypothesis may fairly be held to be valid, until such time as a fresh one come to replace it."

That is the crux of the matter; that is why battles are being fought to this day over Troy. Was Troy a trading metropolis, as Korfmann would have it, or, in Kolb's words, "an insignificant settlement of scrubby little houses"? Are the trenches defensive ones, as Korfmann would have it, or Kolb's irrigation canals? Was the lower city "rather densely built-up with edifices of stone" (Peter Jablonka, Tübingen) or "a small, essentially agrarian outlying settlement" (Kolb)? Did it have "between 5,000 and 7,000 inhabitants" (Korfmann) or "something under 1,000" (Kolb)? All of these moot points show that we are faced here with "two quite different worlds," as Korfmann said.

Does *science* involve nothing but collating data and facts, and then explaining them, or does it begin precisely where what one already knows, leaves off? In the German language, the word itself, *Wissenschaft*, means "creating new knowledge," not merely interpreting the old in ever-more exhaustive detail.

In this controversy as in others, those like Professor Kolb who would reject the notion of hypotheses as something unscientific, as mere "speculation," often turn out to cling like a barnacle to their very own hypotheses. To assert that Homer never existed, or to insist as Freiburg's Prof. Wolfgang Kullman did, that the *Iliad* is a mere "poetic construct" and not the telling of history, is in itself, obviously making hypotheses. How these historians dealt with their adversaries at the debate, exhibiting self-righteousness and sometimes arrogance, as if from a bunker, was visible to the many interested laymen in the audience, and did nothing to improve the standing of their particular branch of science in the public eye.

Who Was Homer?

The question whether the *Iliad* and the *Odyssey* possess an artistic unity, showing that they were composed by only one man of genius, is not just a falling-out between scholars. The dispute pertains to different notions of the nature of man's creativity. Those who protest—as did Friedrich August Wolf in the 18th Century—that Homer could never have composed such epics, take that stand because they cannot accept the notion that man might be capable of such an outburst of pure genius. Thus, the outcome of the controversy over Korfmann's excavations, and their interpretation, will prove to be critical to the future of science.

54 History **EIR** March 29, 2002

At the Tübingen debate, Professor Kolb insisted over and again that the "excavations at Troy must be seen as something separate and distinct from the *Iliad.*...Identifying Troy with Wilusa is mere hypothesis....One must avoid imagining that the settlement had something to do with the *Iliad.*" But why should one avoid imagining that? Because, perhaps, one actually finds so much evidence to suggest it? Might this be why Professor Kolb has turned down Professor Korfmann's several invitations to visit the excavation site, and see things with his own eyes?

Kolb accused Korfmann of wanting, from the very outset, to excavate the "glorious Troy," exactly as Heinrich Schliemann wanted to do in the 19th Century, when he followed Homer's guide and found this buried city for the first time. Professor Kolb does not want to find any "glorious Troy."

The Troy controversy of 2001 has been making such waves in the international scientific community, that a delegation of British scientists, led by the grand old man of Hittite studies, John David Hawkins, travelled to Tübingen for the symposium. Korfmann's achievements, they said, were outstanding; he and his team had "set an example" for other archaeologists. They expressed their hope that "the conflict" not have an adverse effect on Korfmann's work.

And when, during the final debate, Korfmann affirmed that he would definitely continue excavating at Troy, his announcement was greeted with resounding applause from the entire hall.

Corrections to 'Of Homer's Troy'

There were a number of errors in our previous coverage of the new discoveries at Troy ("Of Homer's Troy, and the Careerist Scholars' Wrath," *EIR*, Feb. 8, 2002).

- The dimensions of the "lower city" at Troy, unearthed during the 1990s, are larger than we reported: this surrounding city covers not 180,000, but 250,000 square meters.
- The defensive trench surrounding the city was at one point misidentified as a "fortified grave"; it is, as identified elsewhere throughout the article, a fortified trench or moat.
- The deposits tested at the site of the ancient subterranean well and water system were deposits of calcium, not iron.
- The signet seal (shown again here) found at Troy is made of bronze, not clay.

We regret these errors.

-Paul Gallagher

Interview: Dr. Manfred Korfmann

With New Methods, Troy Is Being Taught To Speak

Manfred Korfmann (born 1942) is Professor of Archaeology at the University of Tübingen, Germany. Since 1972 he has carried out field work in Turkey and, since 1975, in the region of Troy. During 1982-87, he headed the excavations in Besik-Yassitepe, the so-called "port of Troy." In 1988 he was offered the opportunity to reopen the excavations in Troy—the last were in 1938. Since then, an international team of around 75 scientists from several countries has been working there under his direction. Two years ago, he was invited to direct the excavations in Udabno, Georgia, together with a Georgian colleague.

Professor Korfmann is the publisher of the yearbook Studia Troica, and has produced films and published guides and maps related to these topics. He is the author of five books and some 130 publications.

Dr. Korfmann is the scientific director of the extraordinarily successful exhibition "Troy: Dream and Reality," currently in Berlin's Staatsmuseum, which has drawn hundreds of thousands of visitors and the attention of all Germany (see EIR, Feb. 8, 2002). He was interviewed by Andrea Andromidas on Aug. 24, 2001, at Troy. The interview was first published in the Schiller Institute's German magazine, Ibykus.

Q: You have been excavating at Troy since 1988. Has your image of Homer undergone a transformation since then?

Korfmann, Ldid not begin working here with Homer in

Korfmann: I did not begin working here with Homer in mind. Even now I have a very limited view of Homer, as I am no Homer expert. Whenever I come up against something that has to do with Homer, I turn to a Homer specialist, which may, oddly enough, be an advantage. Interestingly though, I believe the image of Homer has undergone a transformation in this field of specialized study due in part to the archaeology. That being said, I would stress that distinctions have got to be drawn, that Classical philology and archaeology are two quite different fields of study. We are excavating here using the methods of prehistoric archaeology, which means, we are not interpreting our discoveries by way of Homer.

Homer, assuming he was indeed a historical individual, must be understood as a witness to his own epoch. The things he reports on, for his epoch (around 720 B.C.), should, on the whole, tally with what we find at the site here—to the extent that Troy is, indeed, Ilion. The leading experts in Hittite civilization now say that (W)ilios-Ilios is one and the same as Wilusa, and thus held a notable place in the political configu-

EIR March 29, 2002 History 55

ration. The Greater Hittite Kingdom would undoubtedly not have entered into a treaty with some Lilliputian hamlet. And that Troy was a sizable settlement—well, that is plain to any visitor today who takes a look at the citadel. If we take Homer as a witness to his epoch seriously, and if we understand that in the same manner as we understand Edgar Wallace using London as the background to his murder mysteries, or as Agatha Christie using relevant archaeological sites in her *Murder in Mesopotamia*, then one gets an idea of how one should be reading Homer.

Actually, these questions about Homer arose rather late in our excavations. As prehistorians, we concentrate, and have always concentrated, on the chronological aspects of the site. The same chronology established for Troy has, over the past 50 years, been the basis for understanding the archaeological cultures of Europe. Unlike the written, calendrical systems existing for areas such as Mesopotamia-Syria-Egypt, such absolute data have not been recovered in Europe, which is why finds from Bulgaria, Yugoslavia, or Austria have been analyzed by applying the "Troy chronology." Thus, the early Neolithic Bandkeramik (linear band pottery) in Germany was, up until the 1950s and '60s, dated by reference to Troy. The different layers of Troy were, depending on the scientific work, so variously interpreted, that applying the methods of prehistoric archaeology could be seen as leading to a failed system of analysis. Thus, for example, the famous finds of treasure hoard, which point to a number of cultural factors foreign to Troy of the Third Millennium B.C.—between 2700 and 1800 B.C.—have been dated every which way. Accordingly, a prehistorian specializing in western Anatolia must consider the problems of chronology as a major concern. By applying new methods, Troy should be taught to speak. That was my objective for Troy.

Since 1950, thanks to the radiocarbon-dating method, it has become technically possible to begin dating Troy's succeeding strata very precisely.

Before working at Troy, I carried out excavations on a settlement mound dating from the Third Millennium B.C., at Demircihüyük (near Eskisehir in Turkey), where I examined certain cultural contexts. After five years of excavation, and a further five years of publishing the results, the question arose as to where to go next with the acquired knowledge and an experienced excavational team. We opted for taking on the city's outskirts, and via that roundabout way, to learn more about neighboring Troy. That is what we attempted, through seven years of excavation very near to Troy. There, at Besik-Tepe, an ancient settlement mound from the Third Millennium B.C., our objective was to examine and to date precisely the early Bronze Age at Troy I. One of the foremost experts in Anatolian archaeology in the United States, Professor Mellink, invited me at this time (1984) to a conference on Troy, held at Bryn Mawr University. There, we were encouraged to re-open the excavations at Troy itself.

Until then, I had not considered excavating at Troy proper.

As the excavations at Besik-Tepe drew to a close, clear signals were coming from Turkish archaeological circles: "Dr. Korfmann, you should go ahead and dig at Troy." Once one has got that sort of encouragement to try one's hand at Troy, not from international researchers alone, but from Turkish scientists as well, and when one has got an excavating team and workers—some of whom are still with us today—available, then one could hardly say no to such an offer.

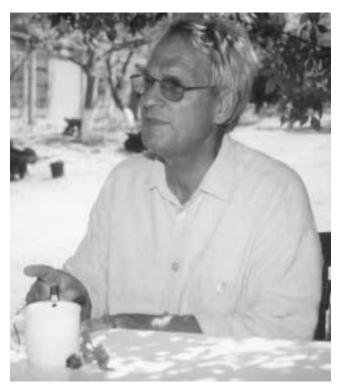
In addition, a sponsor turned up, namely, Daimler-Chrysler AG, which has been covering around 20% of the annual budget since then, and so I told myself: "I'll try it!" At present, we are also financed by the German Society for the Advancement of Science, which involves an annual scientific review of our work. For years, we had an international scientific board, known as the Hisarlik Conference, that evaluated our work each year. That is something I had personally wanted. The Hisarlik Conference met up until two or three years ago. The excavations having tapered off, such meetings have lost their original importance, which is why we stopped continuing the practice.

One aspect of the short history of our excavations is that near Besik-Bay, we came across a cemetery dating roughly to 1300 B.C. We had, in actual fact, been looking for the cemetery for the Third Millennium B.C. settlement at Besik-Tepe. A cemetery without a settlement? Not only did we fail to find a contemporaneous settlement, but the burial customs we encountered proved to differ greatly. Clearly, this could not have been the "Trojan Cemetery," since the Trojans would most certainly not have buried their dead 8 kilometers away, on the coast. Could it have been the cemetery for a port that was inhabited only at certain times of the year? For a small settlement, though, the graves, going by the grave goods, were especially ornate: gold, cornaline, and heavy bronze anklets. The fact, moreover, that the dead were cremated, raised further questions. Homer describes, in the *Iliad*, burial customs which can be compared to those of his own time from the Eighth Century B.C. The fact that we came upon the selfsame burial customs for the Thirteenth Century B.C. brought our attention to Homer.

These issues were not of pressing interest to us when we began excavating at Troy in 1988. Chronologically and technically speaking, we initiated our excavations from within, then extending outwards. We began with Schliemann's excavations at the citadel, that is, at Troy I, and then followed a course to Troy II/III of the Great Megara. Presently, we have been concentrating our work outside the citadel, with finds being uncovered from the Second Millennium B.C. and from later periods. At the outset of the excavations, we not only maintained interest in investigating the important chronological questions, but in looking for evidence of Troy's lower settlements.

The search for the lower settlement was initiated during the 1988 excavation season. Although the character of the finds uncovered is not always equally transparent, their rele-

56 History **EIR** March 29, 2002



Manfred Korfmann, professor of archaeology of the University of Tübingen, and chief of the excavating team of archaeologists and other experts at ancient Troy (modern Hisarlik, Turkey) since 1988.

vance can not be equally dismissed. Now, I will come specifically to your question. As the trench bordering the Bronze Age lower settlement was uncovered, the most convenient source of information available for understanding such a trench turned out to be Homer. Indeed, Homer has described such a trench for the naval encampment of the attacking Achaeans. Homer himself reckoned that people would at some point desire to see this trench, and wrote that it would never be found, because Poseidon had washed it away to sea. I could not help but be moved by the fact that Homer has proven to be our best contemporary source of information.

Q: Why did the academic debate then spark exactly from this point?

Korfmann: None of the people, who have become now so upset, has ever published anything of significance on Homer, on ancient Anatolian languages, or even on the archaeology of the Bronze Age. None of the critics is a practicing archaeologist, in other words, not one has actually excavated a site. We all have our own individual image of Troy. For my part, I can attest to working in this region, at this particular place, for the past 21 years. Along with this, I bring daily discussions with countless scientists and informed visitors. We archaeologists must argue on the basis of what we have uncovered. But that does not prevent us from giving some thought to the issue

of how things might have looked. It is just as legitimate as doing so with respect to the theories one may draw from excavations pertaining to the Neanderthals, Neolithic or Bronze Age in Europe, but nobody thinks about criticizing it there. Whereas, the instant we attempt to interpret the finds from Troy, our work is suddenly cast in doubt, because what we say does not mesh with the image others may have of Troy. At this point, various scientific disciplines converge.

Q: Criticism has focused over and over again on the doubt surrounding the historical and geographical importance that Troy may have had, and more especially, the role attributed to Troy in Homer's verse. What would you say with respect to the latest research on Homer?

Korfmann: Research on Homer has gone ahead at such a clip that it will, very shortly, be possible to present the historical core of the Iliad—however one might choose to define that. In the meantime, it has become accepted practice among scientists to speak not only of the Eighth Century, but of the Twelfth and Thirteenth Centuries as well. As an archaeologist, I take it as a challenge to at least think about these precise issues. We are not looking, though, for a single Trojan War, as such, but have rather worked with the assumption that there have been many wars over this exact area. Simply on the basis of the topography alone, taking into account the site's particular position in the landscape and the fact that winds always blow from the north, it is fairly clear that it could not have been a place of slight importance. To the north of Mycenae and Tiryns, there is no comparable site of this size. When one considers Mycenae apart from its famous grave goods, there is no other place so large, so well-equipped, and in any way comparable to Troy. The grave goods gave Mycenae its reputation as the Golden Mycenae, and led to its being attributed so major a role in history.

Q: In 1997, in the *Festschrift* honoring Wolfgang Röllig, you proposed to correct the way people have been presenting Troy to date. Could you comment on this?

Korfmann: My own view is that we have got to take Homer more seriously, in terms of his epoch, the Eighth Century. Before we began to excavate, the general opinion was that archaeological finds had served only to demonstrate that there was no historical background to the *Iliad* worth discussing. In particular, the Hachmann Study, in 1964, put forward a wide range of arguments to that effect. And to be fair, at the time, one could do so. Nevertheless, our own work here has put each and every one of those arguments to the test. I presented the new conclusions in detail in an article for the Festschrift honoring Wolfgang Röllig in 1997. In the Studia Troica 2, in 1992, I demonstrated that there was a lower settlement, and that the fact might have been acknowledged earlier, had one looked closely enough into previously published material. As early as Dörpfeld, one reads that a search for the lower city was in order. But that never happened, not in his

EIR March 29, 2002 History 57

day. In the 1930s, the Americans had other objectives, among other things, looking for the cemeteries. As for our own work, now that we have traced the outline of the lower settlement, we can, little by little, turn our attentions to the issue of the cemeteries.

Bearing in mind all that I have said above, one cannot but wonder why such a campaign has been launched in the press, now that the exhibition has been up for some time, and after a series of lectures has been given in Stuttgart, and now that we are removed from the scene, back here on the Troy excavation. It is important to emphasize here, that the group presenting itself as our "opponents" is made up of individuals who were told in their student days that "it's a well-known fact that archaeology has demonstrated that everything (in the Iliad) was made up"—and such arguments were, of course, passed on to students as well. You have some of the more famous names in Classical history among them. As a scientist, I see it as my duty to step forward, nevertheless, and emphatically state that such arguments should not go uncontested. If the philologists themselves, through their own methods, have come to the conclusion that there does exist here a "historical background," then the archaeologists need to consider the relevant information in a new light. Notably, when the experts in Ancient Anatolia tell us that we have been working on a site called Wilusa, we have got to take that into account. As for those who assume that I have been presenting the work of fantasy, or that I have been leading people down the garden path, I would suggest they come out here and take a look themselves at the houses in the lower settlement, and the excavation. One can freely debate this, that and the other, but I defy anyone to assert that these things are just not there. But that is what the media are after—an event?

Q: Another point of contention was the fact that you have compared the settlement's role in maritime commerce with that of the Hanseatic League. Why would such a comparison be considered unacceptable?

Korfmann: An ordinary sort of vessel such as would dock at ports in those times would be manned by a crew of roughly ten. That we know from the *Ulu Burun* shipwreck, for example, which went down around 1327 B.C. before the southern coast of Turkey. Such vessels could be seized rather easily, particularly when the crew disembarked overnight at a port. These smallish vessels were, essentially, loaded only with valuable goods. Were a trading port city unable to guarantee shipowners and captains that their port was safe, and that the vessels would not be attacked and plundered, the city would straightaway lose both its reputation, and the prosperity it garnered from the vessels moving through its waters. With such a geographically important position as Troy possessed, where everything was conditioned and controlled by the winds and the currents at the Dardanelles Straits, the prosperity of the citadel and the surrounding area depended on the Trojans behaving decently towards travellers. I do believe that all trading cities took the same approach, and that they accordingly entered into treaties, whether by word of mouth, or in writing, with the vessels, in other words, with the cities and lands from which the vessels came.

We know in some detail of the treaties produced from the Third and Second Millennium B.C. between the great powers and city-states of the day, such as Byblos and Ugarit, etc. It is simply not the case that these were the "Dark Ages." Professor Wilhelm exclaims that even in Anatolia, we have now emerged into "the blinding light of history."

Although most people remain focused on Greece, the fact is that when one adopts the vantage point of the Orient, and of Hittite studies, one does actually know a very great deal, even though not all the available material has been thoroughly examined, nor has it, perhaps, yet acquired the status of received knowledge. The expansive written Hittite sources are very much like springs churning in their depths, and would churn and gush to the surface if there were enough positions available to specialists who are capable of unleashing them. Now, if these coastal cities of the Second Millenium B.C. can be shown to have adopted principles pertaining to "trade," then it can be generally said that the same must apply, broadly, to all millennia. Sea-faring populations have always had rules. One finds that with the Venetians, and their Mediterranean trading posts, and earlier with the Greeks, who, having left their bases such as Miletus in Asia Minor, maintained colonies as far as the Black Sea; not to mention the Phoenicians, etc. One began at a center, a starting-point, from which one set sail for those places where one engaged in secure trading. When one is operating within a trading alliance, one is entitled to expect greater personal safety, as well as better guarantees for one's cargo. The same applied to the Hanseatic League, where, due to the formation of a common market, the cities involved organized a system for common security as well as one for guarantees, which extended from the seas, inland. There was someone who was offended over the fact that I had ventured to say so with respect to a port city, or a place on the coast, which Troy most certainly is. I did this simply to present the matter through a comparison for visitors to the exhibition. When I exclaim that a trading alliance between port cities was, in effect, described by Homer for the Eighth Century in the catalogue of the ships of the *Iliad*—then I naturally do not mean that the Trojans actually had these trading alliances, only that something similar most probably existed in the Second Millennium B.C. In other words, I would not assert that Homer was describing the Trojan Hanseatic League: I am trying to allow an "outsider" to gain a rough understanding of how that sort of system may have operated.

Q: You have an international team working with you. What role do the specialists in other fields of study play in your work here, specialists who at first glance seem to have very

58 History **EIR** March 29, 2002

little to do with history?

Korfmann: Specialists in the natural sciences are among those who are represented here. Analyses of metals have supplied information as to whether finds from different time periods do come from the area around and in the vicinity of Troy, or rather from the Pontus, the Caucasus, or perhaps the northern Black Sea region. Zoology has a part to play as well. Archaeozoologists have discovered that, at the very time the citadel was built, or perhaps a mere two decades later, there were horses everywhere at Troy, where previously, there had been none. The horse comes from the Pontus; it is an animal of the steppe and the highlands of Anatolia. The horse does not originally come from Greece, or Egypt, but rather from cold, open landscapes. Horses must be domesticated and bred over a long period of time before they become useful animals to people. How the horse got to Troy, we do not know at present. Those that suddenly become present at Troy, and throughout the Mediterranean in 1700 B.C., must have come from somewhere. The horse was the great weapon of the Second Millennium B.C., and spread terror through its use. It is no accident that the pharaohs are portrayed as rulers in horse-drawn war chariots. Such applies as well to the grave stelae at Mycenae, which also depict such chariots.

Q: Dr. Korfmann, Troy was one of the centers of the world economy in its time, as you once described, with far-extending trading partners. It must also have been a focal point for international contacts and alliances, considering, for example, that the old Silk Road passes by rather near to here. Can it be demonstrated that contacts existed between Troy, China, and Egypt, for example?

Korfmann: No, I would not go that far. Insofar as trade is concerned, I'd rather proceed with caution. All that we can say for the moment is that Troy was on the periphery of what was then the "Near Eastern" world. I have made that fairly clear when comparing Troy to other cities in several of my publications. Compared to Karkemiš, Ugarit, or Hattuša, Troy is relatively small. I would definitely not go so far as to make Troy out to be the world-metropolis of the East. Ten years ago, the weekly magazine Spiegel accused me of having made Troy too insignificant, while they proposed, instead, that Troy was actually Atlantis, as one geologist had claimed. And now I'm being accused of the opposite, that I'm exaggerating, that I am building sandcastles-in-the-air when it comes to Troy's size. I have come to the conclusion that one has got to live with the fact that there will always be people who want to climb onto the Troy bandwagon, and take hold of the reins!

Turning to the matter of trade, I make the point that since I know that precisely in this area, at the Dardanelles Straits, the Greeks would found one city after another a couple of centuries later, in order to foster a brisk trade in all sorts of goods, then I find it plausible that this might have been going on in an earlier millennium. Treasure hoards dating from the

Third Millennium B.C. indicate that trading networks from this region stretched as far as Afghanistan. In one Afghan valley, in Badakhshan, there is, along with lapis lazuli, tin. How did tin get into the regions of the Eastern Mediterranean? Perhaps from Bohemia, but more likely from Central Asia. There is tin south of the Urals, in Uzbekistan and Afghanistan. The oldest artefacts containing tin have been found in, of all places, Alacahöyük, in the northern part of Turkey, in Troy, Lesbos, and Lemnos, as well as in Mesopotamian Ur, where lapis lazuli has also been uncovered. New research, supported by the German Archaeological Institute, has focused on Central Asia, because of the assumption that tin may well have come to us from that region. The geographical position of Troy makes it almost certain that the city came into contact with the business of such distant trading, as indicated by the remarkable treasure hoards dating from roughly 2500 B.C. Tin, mixed with copper, is what produces bronze, which is the most significant product of the Bronze Age. It is a material whose use produced far-reaching consequences, as in the essentials of warfare. When one considers, in addition to this, the early use of wheel-made pottery, as well as the existence of the so-called Megara, one can then assume that Troy in the Third Millennium B.C. could very well have prospered as a result of such trading contacts.

I find it difficult to understand at any level why anyone would be so offended by our use of the term "trade." The mechanisms of trade in the ancient world, which operated in the peripheral regions of higher cultures, are well known to us through written sources. It is worth noting that the Assyrian trading colonies extended outward from Assur, forming a long chain, which extended to the Black Sea. These so-called Karum settlements of the Nineteenth and Eighteenth Centuries B.C. were subject to the rulers of Assur. Translated from the Assyrian language, these trading colonies are called "ports," which indicates that the same sort of legal constructs would apply to the Euphrates and Tigris ports, as to the "overland ports" of the trading colonies. While Byblos oversaw Egypt, Ugarit/Ras Shamra oversaw Cyprus and the Aegean. Judging by these legal constructs, Troy was on the periphery of that world, but certainly not outside of its borders, neither in the Third, nor in the Second, Millennium B.C. To give one example, the *Ulu Burun* ship already mentioned here, which sank in 1327 B.C., was carrying goods from the greater powers of the day. Once we have understood the prevailing trading system, it is quite legitimate to assume that such a vessel might also have docked at Troy. One piece of evidence for this was a stone scepter from the Carpathians (present-day Romania) found on the vessel. What routes did such vessels take? Perhaps they followed the Danube into the Black Sea, and then, very likely, sailed on past Troy. Considering the geographical location of Troy, it could very well have served as the link to the Black Sea, to Thrace, Bulgaria, and to the hinterlands of southeast Europe.

EIR March 29, 2002 History 59

ERNational

Administration Makes First Moves Against Israeli Spies

by Jeffrey Steinberg

At the same time that Attorney General John Ashcroft has ordered the supression of news coverage of massive Israeli espionage operations inside the United States, the Bush Administration has taken several significant initiatives, aimed at closing some of the most egregious loopholes, that have facilitated Israeli penetration of American national security institutions at the highest levels.

In the beginning of March 2002, both the Defense Department and the Justice Department issued new regulations, prohibiting foreign nationals from involvement in the development and maintenance of information technology systems at the two giant federal bureaucracies. While internal memos and public statements by the Pentagon and the Justice Department did not mention Israeli telecommunications firms as the targets of the new orders, the timing of the actions—just days after major international media exposes of the Israeli spy operations in America—left little doubt about the motive for the crackdown.

And one interoffice communiqué from the Drug Enforcement Administration, according to well-informed sources, does single out several Israeli companies, with sensitive DEA information technology contracts. The companies, Comverse and JSI, received a \$25 million contract from DEA in Sept. 1997 to provide interception equipment, used in some of the agency's most sensitive international and domestic drug investigations.

Pete Nelson, the Pentagon deputy director for personnel security, told World Tribune.com, on March 13, 2002 that "some foreign nationals—those in the most sensitive positions—may not be permitted to remain in those positions...

[W]e need to ensure all people with access to sensitive IT systems are cleared and properly vetted for the material to which they have access."

The new DOD regulations, to be implemented within the next 60-90 days, would extend restrictions that already exist on classified projects, to non-classified DOD projects as well.

According to the newsletter *Middle East Newsline*, Israeli firms currently have DOD contracts for encryption technology and software, that is vital for the security of the Pentagon's most sensitive data bases.

The Israeli firms have made deep inroads into the Defense Department's IT operations, as the result of recent years' pressures on Pentagon budget planners to save money by outsourcing, even to foreign firms. The Department's Pete Nelson admitted, "The IT business has become largely contractual, with programming and data work being farmed out to areas where there is cheap labor. If this trend does not simultaneously take into consideration security requirements, there would be reason for concern."

The Justice Department, on March 4, issued a memorandum from Robert F. Diegelman, Acting Assistant Attorney General for Administration, which placed similar bans on foreign nationals involvement in information technology development and maintenance. The memorandum ordered DOJ information officers and procurement directors to fully implement a July 12, 2001 Justice Department Order, No. 2460.2D, which banned foreign nationals from any access to the Department's IT systems, unless a waiver was first issued by the Department's Chief Information Officer. The March 4, 2002 memorandum emphasized that no waivers would be granted,

60 National EIR March 29, 2002

under any circumstances, for IT projects which involved access to classified systems.

Comverse and Telrad

Readers of *EIR* who have followed the Israeli espionage scandal since *Executive Alert Service* broke the story on Dec. 4, 2001, will recall that a string of Israeli companies—all founded by veterans of the Israeli Defense Force signal intelligence division—have won sensitive U.S. national security contracts, giving them extraordinary access to Justice Department and White House secured communications systems. Comverse Infosys, Inc., a company founded in Israel in 1984, is the leading provider and operator of wiretap systems, used by the Department of Justice, the FBI and the Drug Enforcement Administration (DEA). Telrad Telecommunications and Electronics Industries Ltd. is Israel's largest telecommunications conglomerate. During the Clinton Administration, Telrad was contracted to revamp the White House secured communications systems.

A third Israeli telecommunications giant, Amdocs International Ltd., has the exclusive customer-billing and call-tracking contracts with the 25 largest phone companies in the United States, giving Amdocs access to the routing information on practically every telephone call placed in America.

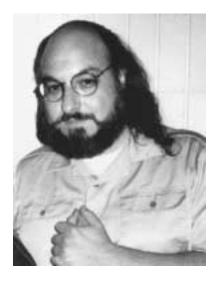
The most comprehensive dossier on these Israeli firms to appear in the U.S. media, was published in *EIR* on Feb. 1, 2002, and has since been republished, along with exhaustive additional documentation of the Israeli spy apparatus, in a LaRouche in 2004 campaign special report, *Zbigniew Brzezinski and September 11th*.

The 'Art Students'

What's more, both Comverse and Amdocs personnel have been linked to the scores of Israeli spy teams, that have been operating in every part of the United States, since no later than January 2000 (see "EIR Blows Israeli Spies' Cover in Sept. 11 Case," *EIR* Dec. 28, 2001, and "Israeli Spies Scandal Is Too Big To Bury," *EIR* Jan. 11, 2002). These 6- to 8-person espionage squads, posing as "Israeli art students," have been infiltrating and surveilling government officies, military bases, safe-houses and private homes of government executives. Some of the teams have been linked to "Islamic" radical circles, with possible ties to terrorist groups.

According to government sources, and a 60-page Drug Enforcement Administration working document, now widely circulating among reporters in the U.S. and Europe, 125 Israeli "art students" were detained and deported between January 2000 and July 2001; another 80-100 Israelis have been similarly detained, interrogated, and deported, since the attacks on the World Trade Center and the Pentagon on Sept. 11, 2001.

In one case, set forth in the DEA document, an Israeli "art student" was bailed out of jail by another Israeli, named Ophir



A new Pollard affair? The case of Jonathan Pollard, serving a life term for espionage, has so far been the most serious case of Israeli espionage against U.S. national security. But the case of Israeli spies and the Sept. 11 attacks, is only beginning to be investigated seriously.

Baer, who was an employee of Amdocs.

The proximity of the Israeli "art student" spy teams to some of the suspected al-Qaeda "sleeper" networks in the United States has prompted some American national security officials to suspect that Israel had infiltrated the Sept. 11 terror plot, at some level, and failed to pass on the information to U.S. authorities.

In Texas, California, Arkansas, and Florida, U.S. investigators found that the Israeli "art student" teams were living within a stone's throw from houses and apartments occupied by suspected "Islamic" terrorists, whose names appeared on an Oct. 2001 list of individuals whose assets were frozen, at the request of the U.S. government.

In the most egregious instance, a dozen Israeli spies were operating out of a Hollywood, Florida address, 4220 Sheridan Street, just a block away from 3389 Sheridan Street, the apartment where Mohammed Atta was living with three other men accused of the Sept. 11 hijackings.

Movers and Shakers

On March 15, the first evidence of direct Israeli Mossad ties to the U.S.-based spy teams surfaced, in an unlikely location. The weekly Jewish newspaper *Forward* published a pair of lengthy stories on the Israeli "art student" spy flap, which attempted to discredit the charges that the Israelis were targetting the U.S. government for espionage operations.

(The idea of Israel spying on the United States is still a point of maximum tension between Washington and Tel Aviv, nearly 17 years after the arrest of Naval intelligence analyst Jonathan Jay Pollard, who was caught stealing thousands of top-secret U.S. military documents, and passing them to officials of the Israeli embassy in Washington.)

Forward's Marc Perleman reported that "far from pointing to Israeli spying against U.S. government and military facilities, as reported in Europe last week, the incidents in

EIR March 29, 2002 National 61

question appear to represent a case of Israelis in the United States spying on a common enemy, radical Islamic networks suspected of links to Middle East terrorism." Perleman claimed that American officials were furious when they learned of the Israeli "art student" spy operations—because they had not been alerted in advance. "The resulting tensions between Washington and Jerusalem," he wrote, "arose not because of the operations' targets but because Israel reportedly violated a secret gentlemen's agreement between the two countries under which espionage on each other's soil is to be coordinated in advance."

On the face of it, Perleman's explanation for the Israeli "art student" fiasco is pure fabrication. The DEA documents, butressed by on-the-record statements by several U.S. government spokesmen, confirms that dozens of DEA, FBI, and other federal law enforcement facilities were targetted for aggressive surveillance by the Israeli teams; and at least 36 military bases on U.S. soil were similarly targetted, including an Oklahoma air base that houses America's AWACS surveillance aircraft, and a secret U.S. Special Forces facility near Fort Bragg in North Carolina.

What was revealing about the Perleman story, was the confirmation that one of the most controversial of the Israeli spy teams was a Mossad squad, working undercover.

On the evening of Sept. 11, local police in Bergen County, New Jersey, arrested five Israeli nationals as they were driving a van, owned by their employer, a Weehawken, N.J. moving company called Urban Moving Systems.

The five Israelis, Sivan and Paul Kurzberg, Oded Ellner, Moer Marmari, and Yaron Shmuel, had been spotted on the roof of the moving company warehouse, shortly after planes crashed into the World Trade Center towers, taking photos of one another and obviously clowning around, while pointing at the burning towers in the background.

Perleman reported, "In addition to their strange behavior and their Middle Eastern looks, the suspicions were compounded when a box cutter and \$4,000 in cash were found in the van. Moreover, one man carried two passports, and another had fresh pictures of the men standing with the smoldering wreckage of the World Trade Center in the background."

The five men were turned over to the FBI by the Bergen County police, and, after two of the men's names appeared on an FBI-CIA list of known Mossad operatives, the U.S. opened a foreign counterintelligence investigation of the incident. The Israelis were held for several months, interrogated and put through lie detector tests, and were eventually deported back to Israel.

A Pattern?

After one brief interview with the FBI, the owner of the moving company, Dominik Otto Suter, fled to Israel. Authorities confirmed that the company was a Mossad front, whose "main office" was a letter drop address in midtown Manhattan.

Putting the New Jersey arrests together with a similar incident that took place a month later in Pennsylvania, poses further questions about another possible modus operandi of Israeli Mossad spy operations in America.

According to *The Mercury*, a Pottstown, Pennsylvania newspaper, on Oct. 17, 2001, another group of Israelis, working for a moving company, were detained by police in Plymouth, Pennsylvania, a Philadelphia suburb, in response to complaints that they were illegally dumping the contents of a tractor-trailer behind a local restaurant. The three Israelis, Ron Katar, Moshe Elmakias, and Ayelet Reisler, were detained by the FBI, after a search of the tractor-trailer unearthed detailed surveillance videos of the Sears Towers in Chicago, and other suspicious items. The tractor-trailer had the logo "Moving Systems Incorporated" on the side, and was mostly filled with office furniture and household items. The FBI probe revealed that the operator's log of the truck's movements had been falsified.

It is not yet clear whether the "moving companies" are part of the same spy apparatus that has been the subject of the DEA-initiated interagency counterintelligence probe, a probe that is an included part of the Sept. 11 terror investigation.

Government officials are not talking about how the multiple tracks of Israeli spy leads are being viewed, although a DEA internal memorandum from Dec. 2001, clearly links the "art students" probe to the review of the status of the Comverse and JSI contracts.

EIR has also learned that, in several Western European countries, including the Netherlands and possibly Germany, the Israeli Mossad is officially handling all visa background checks, for applicants from Arab and Muslim countries. According to a well-placed diplomatic source, the Israelis offered these "services," free of charge, to the European immigration agencies, in return for access to the unusually detailed information contained in the visa applications. The rationale for the deal is that the Israeli secret services maintain the most comprehensive watch-lists of suspected Arab and Islamic terrorists and criminals.

The source of this startling information, however, noted that, under this arrangement, the Israelis have access to the past travel itineraries of all the visa applicants, and would, therefore, have a profile of individuals—such as Mohammad Atta—who travelled back and forth to Pakistan and Afghanistan, and other al-Qaeda, Hamas, and Islamic Jihad hotbeds of activity. The source asked the obvious question: How much did the Israeli Mossad know about the activities of the so-called "Hamburg cell" of al-Qaeda terror plotters? And why, if the Israelis did, indeed, have the authority to turn down visa applications, did Atta and the others have such free access between Europe and the United States?

These are disturbing questions that need answering, if the full story of the events of Sept. 11, 2001 is ever to be known, and a serious crackdown on the actual authors of the horrific attacks achieved.

62 National EIR March 29, 2002

States Facing Budget Blowouts Move To Dismantle Medicaid, Medicare Protection

by Linda Everett

The National Governors Association, in a Feb. 24 policy statement released during its annual conference, complains that the "explosive growth" of the Medicaid program in the states," most of which face a desperate fiscal crisis, "is creating a situation in which states are faced with either making massive cuts in programs, or being forced to raise taxes significantly." The health-care and public health cuts the governors say they're being "forced" to make, by the collapse of their state revenues, are brutal, denying many Americans their only access to medical care.

State budget cuts, costs overruns, and use of fiscal reserves grew significantly over the last three months, according to a recent survey by the National Conference of State Legislatures. Of the 44 states with legislative sessions this year, 42 face Medicaid shortfalls. Some 45 states have revenues below projections. The deficits combine, nationally, to nearly \$50 billion. Some 33 states want waivers from Federal Medicaid regulations; 37 are considering cuts in Medicaid payments to hospitals and doctors. States are enforcing everything from across the board cuts in Medicaid—up to 5% in Michigan, a huge denial of care when health costs are themselves rising at 10% annually or more—to closing mental institutions (Ohio, Florida).

Medicaid Federal health insurance serves 44 million poor, elderly, and disabled people. Each time a state cuts its Medicaid budget, it also loses Federal funds which equal or exceed its own contribution. If the state cuts back or eliminates funding for part of the program, it loses those matching Federal dollars as well—doubling the loss to patients dependent on Medicaid. The program, which covers one-third of all births in the country and two-thirds of all nursing home care, constitutes the second-largest portion of state budgets, after education. The National Governors Association (NGA) sent a letter to Congress calling for a Medicaid Commission to fundamentally restructure Medicaid, claiming the program is "unsustainable" in its present form, given the collapse in state revenues.

Federal, State Crises Overlap

The NGA asked Congress for maximum flexibility on ways to cut Medicaid costs, with the right to cut "optional"

benefits, such as prescription drugs coverage; and to drop "optional" beneficiaries, meaning everyone but the poorest people whom the states are required to cover. They will make it harder for the poor, elderly, and disabled to become eligible for Medicaid, and hope to reduce or eliminate the medicallyneedy program. The governors also want the right to require or raise co-payments and premiums that patients must pay (currently the Federal maximum is \$3).

While state care is falling into state budget holes, the Bush Administration is slashing \$27 billion in Medicaid dollars to the nation's public hospitals over the next ten years. And, the infamous Balanced Budget Act of 1997, passed under the goading of then-Vice President Al Gore, rips \$22 billion in Medicaid over the same ten years, away from all hospitals that treat a disproportionate number of poor, nonpaying patients. Such cuts in hospital payments are disastrous to states such as California, which has lost 60 emergency rooms in the last ten years.

These dangerous cuts come at a point where the need for improved public health services is at its highest. Care is critical for the poor and elderly—their poorer state of health makes them more susceptible to contracting disease, spreading contagion, and death, creating a serious public health threat. Also, a January National Association of Counties survey found that only 9.7% of county public health departments are fully prepared for an intentional or accidental release of a lethal biological agent. Rural counties and urban centers with populations over 250,000 are not prepared at all. Florida's 7% across-the-board Medicaid cuts to hospitals, will hit the six hospitals in the state which are best geared for civil defense with trauma and burn units. The only state health laboratory capable of analyzing suspicious letters/packages for South Carolina, North Carolina, and Georgia, may have its budget cut or frozen.

While the governors are pleading with the Federal government to rescind the Balanced Budget and Medicare cuts, they want the right to increase taxes on hospitals and nursing homes, which are already in a calamitous state. Illinois will cut Medicaid and other payments to hospitals by 26%, and cut nursing home reimbursements as well. Florida, Indiana, Virginia, and Washington State plan big cuts to hospitals.

EIR March 29, 2002 National 63

South Carolina and Indiana, among many others, will also cut funds to nursing homes. Washington State is among several that will slash physician Medicaid reimbursements, forcing doctors to stop treating Medicaid patients.

Medicaid covers 67% of all nursing home care and 44% of long-term-care services. Some 91% of the nation's 1,700 nursing homes are already so insufficiently staffed, that patients are at risk of serious illness or death, according to a recent survey. Hundreds of nursing homes face closure, with \$17 billion cut in Medicaid payments to nursing homes over the next ten years. And under Medicare, the Federal health insurance program for older and disabled Americans, nursing homes will be hit with a drastic 15% drop in payments under the Balanced Budget law. Some states, such as Missouri, are additionally planning to eliminate the in-home services which can keep elderly and disabled people from needing nursing homes

State legislatures are also abandoning the mentally ill and disabled. Massachusetts proposed cutting mental health funds by 12%. Maine will cut \$2.9 million in mental health community services: \$1.9 million in children's mental health services, and \$2 million in group homes. Connecticut will see a \$14 million cut in mental health programs. Florida's Gov. Jeb Bush wants adults with catastrophic illness to pay all their own bills "until they have sunk into extreme poverty"—that is, an income of \$180 a month to cover rent, food, and all living expenses for a single adult! In Maryland, some 74,000 mentally ill are imperiled, as outpatient clinics and services close down under the state's increasing austerity.

Rollback of Decades

Children will also go without—California wants to cut off free medical care to 900,000 poor children; 150,000 Washington State children may lose care. Virginia will cut funds for families and children living in homeless shelters and cut \$25 million from programs for children at risk. States such as Oklahoma and New Mexico will cut back on their Children Health Insurance Program (CHIP); Utah, Montana, Idaho, and North Carolina are freezing enrollment; and, Missouri and Kentucky willmake eligibility more difficult.

Uninsured children lack access to basic childhood vaccinations, proper preventive care, and developmental assessments—they "will develop preventable physical and mental problems that may impede their ability to learn," says Neal Hafon, director of the UCLA Center for Healthier Children. Such children also face higher risk of heart disease, diabetes, hypertension, and asthma. Such slashing of their health care, if it persists or worsens as is likely with state tax revenues sinking, can create a generation of disabled youth, rolling back decades of public health advances.

What is already very clear, is that the number of uninsured adults, now at 44 million nationally, will rapidly increase under proposed state cuts.

Over half the states will cut Medicaid spending for medications, in several dangerous ways that will make it impossi-

ble for the sickest Medicaid patients to get needed treatment. For instance, Idaho decided that Medicaid patients may not have more than four prescriptions at once without special approval (elderly patients and chronically ill patients often need over a dozen medications—just as maintenance medications—all the time). Nebraska is eliminating so-called "unnecessary and wasteful drugs." North Carolina is eliminating 30 medications deemed too expensive. West Virginia will let Medicaid patients have only approved, cheaper medications listed on their formulary—despite doctors' orders. Mississippi—which says Medicaid "is a cancer on the state budget"-will only allow patients to be on seven medications at once, and is increasing how much Medicaid patients must pay to get them. Many studies have proven that requiring higher co-payments for medicines from poor people, results in cutting off their access to care.

Over a dozen states are planning to slash Medicaid reimbursement rates to pharmacies by from 10% to as high as Washington's 50%. This is a likely final straw for smaller drug stores, already battling "managed care's" time-consuming bureaucracy and stringent payment reductions. Other factors threaten small pharmacists, such as President George Bush's so-called Medicare drug-discount card and the various "discount cards" now offered by various pharmaceutical companies—all of which "discount" cost of medications by slashing payments to pharmacists who process the prescriptions.

John Rector, counsel for the National Community Pharmacist Association, told *EIR* that state cuts in Medicaid reimbursements will be disastrous to the 75,000 independent pharmacists nationwide, 83% of whose business is filling prescriptions. But these smaller stores—not the large chain drug stores—are often the only pharmacists, especially in rural areas, who will place special orders and provide costly or specialized medications so critical to elderly or disabled patients.

Again here, Washington State is among the first to cut, reducing its Medicaid prescription reimbursements by 10%, in a move other states intend to follow.

In response, large chain-pharmacies are threatening to reduce hours or close altogether to Federal health insurance patients. Walgreens and CVS, with 7,700 stores nationwide, along with Rite Aide, with its 3,600 stores, are all threatening to drop prescription service for those on Medicaid.

The governors and state legislators seek to ratchet down access to health care for Medicaid patients to fit their collapsing budgets; but their budget holes look even bigger for fiscal 2003. How far will they go on this murderous route? As political leaders, they could support the emergency economic recovery measures for this collapse, put forward by Lyndon LaRouche in his 2004 Presidential campaign. The time for them to stop these dangerous lunges of austerity is now—before such policies, to the glee of some Gingrichite Republican and Democrats, dismantle life-saving programs that have improved the standard of living of millions, for many decades.

64 National EIR March 29, 2002

Spannaus To Virginia: End 'Reign of Error'

by Anita Gallagher

The leading LaRouche Democrat in Virginia, Nancy Spannaus, who is the only Democrat who will threaten Republican John Warner's U.S. Senate seat in November, has put out her campaign policy in a call to citizens of the Commonwealth, "Yes, Virginia, There Is a Road to Recovery." She begins, "Listen to me, Virginia. You remember that my 1994 campaign helped you to save yourself from electing that Iran-Contra scamp Oliver North. Since that victory, you have made a string of mistakes, for which you are suffering today; but now, I'm here, again, to help you save yourself once more."

"Save" is the right word. Since the Democratic Party abandoned the leadership of Spannaus and Lyndon LaRouche in defeating Ollie North—the only major Republican defeated anywhere in the Gingrichite onslaught of 1994—the citizenry of Virginia has been subjected to the successive "reign of error" of GOP Governors George Allen and Jim Gilmore. Under Gilmore, the state's financial collapse was hidden by "creative accounting," to keep Gilmore's "no car tax" campaign gimmick afloat. The result? A \$3.8 billion budget deficit, alongside a huge physical deficit in transportation, schools, health care, and other infrastructure. Consider:

- At present, there are 4,000 trailers being used as class-rooms in Virginia, while there is unused capacity for 4,000 inmates in the state's prisons;
- In wealthy Northern Virginia, the rate of tuberculosis infection zoomed by 17% in the last year, in contrast to nine years of national decline. Virginia is one of only two states that does not pay the cost of TB treatment. If the expensive medication is not taken for the full course, drug-resistant TB results, costing 100 times as much to treat. Sixty percent of the new drug-resistant TB cases in Virginia occurred last year in Fairfax County—the wealthiest in the nation.
- An auto commute to Washington, D.C. from Virginia bedroom communities may take two hours each way, which minimal rail service forces thousands to do every day. Over 90% of state highway construction has been on hold until April 1 because of the budget crisis.

Not only can't the state run its economy; it can't even run elections. On March 11, Judge Richard Pattisall overturned the state legislature's 2001 redistricting plan, passed by the Republican majority, for "racial gerrymandering" and creation of districts not "compact and contiguous." The judge ordered new elections for the House of Delegates in November—a year early.

Candidate Spannaus' full statement, on her website,

www.spannausforsenate.com, reminds Virginians that the terrible mess in the state and Democratic Party today is the direct result of their rejection of the LaRouche-Spannaus leadership after it defeated North.

"Remember what happened then?" asks Spannaus. "Understanding the mortal danger to our Reublic, as well as to Virginia, of having Ollie North take a seat in the U.S. Senate, I launched the 'Defeat That Son-of-a-Bush' campaign. I set up an independent PAC [political action committee], and produced the *only* literature which exposed North's venal, even criminal, history of drug-running and coup-plotting, not to mention his plans for fascist looting, such as the privatization of Social Security. Democrats around the state, and the country, were calling the SOB Committee's offices, to get this ammunition—and pretty soon, Ollie was so destabilized that his handlers were putting him under wraps. We went in for the kill

"Do you remember, Virginia? Democrats who had previously taken their opinions on Lyndon LaRouche from the lying *Washington Post*, all of a sudden decided that the leadership of a LaRouche Democrat was a very good, and useful, thing. Even many Republicans stopped to consider what they were doing. And North, with his 4-to-1 advantage in campaign funds, came to a crashing defeat. Senator [Chuck] Robb [the Democratic incumbent], among many others, knew that *I* had saved his political career."

A Challenge to the Democratic Leadership

Spannaus is gathering independent petitions to oppose Warner, since the nearly defunct state Democratic Party has again chosen to give 76-year-old Senator Warner a free reelection, and state chairman Larry Framme has not responded to Spannaus' letter asking for the party's endorsement.

Her statement asks: "How did you let yourself be fooled so much by such political candidates for so long, Virginia? . . . Your leaders are trying to flee from the fact that we are in a depression, by beating the drums of worldwide war. You are frightened by the reality of the economic crisis, but you are terrified by the fact that there is no sign of real economic leadership from Washington."

Spannaus is representing LaRouche's leadership against the global economic depression, and puts Virginia's budget disaster in that perspective: "It is a plain fact, that Lyndon LaRouche is the world's most accurate economic forecaster. He has never been wrong in any published long-range forecast he has made in more than 35 years. . . . He has warned you repeatedly, as he and I, have told you before: We are not facing a state budget crisis, or a problem of the 'business cycle.' It's going to take a new world financial system, based on the principles of FDR's Bretton Woods system, to get us out of this mess."

The candidate's full statement details financial, taxation, banking, and investment policy changes that she and LaRouche will implement, as well as infrastructure ideas for the state and regional economy.

EIR March 29, 2002 National 65

D.C. General Land-Grab Insults the City and the Founding Fathers

by Edward Spannaus

During the bitter battle throughout 2001 to save D.C. General Hospital—the only public hospital in the nation's capital—Lyndon LaRouche, and other leaders of the Coalition to Save D.C. General, warned that the plan to shut down the hospital was part of a billion-dollar real estate scam in this poorer quadrant of the city. Researchers working with the Coalition found the details of plans on the drawing boards for the 2012 Olympics, and for the development of high-rise residential and office buildings and even a boating marina at the foot of Massachusetts Avenue.

All such land-grab plans were vehemently denied by the Mayor and other District officials involved in ramming through the shutdown of the hospital, which has cost the lives of scores of Washington residents since. Those who issued those denials, are now exposed as blatant liars.

Coalition leader Dr. Abdul Alim Muhammad, speaking to rallies and mass demonstrations at the D.C. General site, passionately described the land on which the hospital stood as "sacred ground...consecrated," and declared it a travesty to hand it over for exploitation by private interests. Reference was often made to the 200-year history of the hospital, and the fact that the land had been designated for hospital use by no less than the Father of our country, George Washington.

But now, D.C. Mayor Anthony Williams and other city officials are rushing to have the U.S. government transfer jurisdiction over the land on which the thousand-bed hospital building sits, so that the District may proceed to tear down what is left of the hospital, and "redevelop" the area with private retail stores, sports facilities and parks, and luxury housing—including high-rise buildings.

Public Health Sold for 'Our Olympic Bid'

In January, legislation was introduced in the D.C. Council requiring the submission of a draft development plan for the 67-acre campus by March 31. A few days after a contentious hearing in the Council, Williams admitted that the land would be "a component of our Olympic bid"—referring to the District's bid to host the 2012 Summer Olympics. The planning committee for the bid has drawn up detailed plans to turn the area around RFK Stadium—which sits just north of the D.C. General campus—into a huge "Olympic sports and entertainment complex."

While a health-care clinic or some sort of outpatient facility may be included as a sop to the citizens of the city, the planning process to date has brushed aside proposals and demands that the site include a full-service public hospital. At one time, citizens were told that Congress would have to approve the transfer of jurisdiction; but District and Federal officials have apparently now concluded that they do not need Congressional approval, but that the whole thing can be handled simply by having the Federal General Services Administration (GSA) declare the land as "surplus," and transfer jurisdiction over it to the District. Title would apparently remain vested in the United States government, but the District could determine its future use. "Home rule" for the capital is invoked by those who want to loot it and depopulate it of its citizens of color-but only when such "home rule" suits their purposes.

But, as we shall see herein, the land on which D.C. sits indeed is "sacred"—it was designated for hospital use from the earliest days of our Republic, and the designation of that site and other areas of the newly formed City of Washington as "public reservations" to be used for the public good, was regarded as a perpetual, sacred trust. An "administrative" determination that the land is no longer needed for hospital usage, but can be used for private development, violates every intention that the Founders of this nation had, with respect to the creation and development of the national capital in the City of Washington.

The History of 'Reservation 13'

Once the general location for the national capital (on the Maryland-Virginia line along the Potomac), had been settled, in 1790, Congress authorized President George Washington to designate the exact location, and to undertake the planning and design of the new seat of the national government, in preparation for the planned removal, set for 1800, of the government from Philadelphia to the new Federal District.

The original plan for the City of Washington (it was, at that time, only one part of the Federal District which also included the cities of Georgetown, Alexandria, and other towns) was drafted by he French military engineer, Charles Pierre L'Enfant, in 1791. Washington himself, in his modesty, always referred to it as the "Federal City," while everyone

66 EIR March 29, 2002

else called it, "Washington."

Washington was unique among national capitols, in that it did not emerge first as a commercial center, but was designed as a republican capital from its inception. L'Enfant's grand design for the city included a generous supply of open spaces and vistas, utilizing his scheme of diagonal avenues and public squares at their major intersections. Additionally, he set aside numerous reservations for public buildings and for other public uses. For various reasons, L'Enfant was discharged from his duties, and the final version of the plan was drafted by Andrew Ellicott, with the able assistance of the freeman Benjamin Banneker; the final plan was engraved and ordered by Washington to be published in 1792, and it was circulated throughout the capitals of Europe.

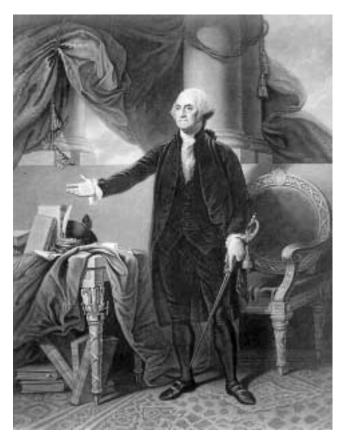
One of the public reservations in L'Enfant's and Ellicott's plans was that bounded by 19th Street East, B Street, G Street, and the "Eastern Branch" (the Anacostia River). This was *always* designated for hospital and public health purposes, and in early maps of the City, it is generally designated as either "Marine Hospital Square" or simply "Hospital Square."

Marine hospitals had been created to serve the merchant marine on which the new nation was so dependent—healthy and able-bodied seaman being necessary both for trade, and also as a reserve for regular naval forces. In 1798, Congress passed the nation's first public health law, an act for the care and relief of sick and injured merchant seaman, which established Federal government responsibility for creating and maintaining a chain of marine hospitals along the East Coast. This developed into the Marine Hospital Service, the predecessor of today's U.S. Public Health Service—which officially dates its founding as 1798.

Two years before this, in a letter to the Commissioners of the Federal District, dated 21 October 1796, President Washington discussed his plans for a national university as well as his ideas about a marine hospital. For a period of time, Washington had doubted the wisdom of locating a hospital within the city itself, for hygienic reasons, but he was then convinced that this was, in fact, feasible. Washington said that, were the square reserved for the national university found not to be large enough, "the square, designated in the plan of Major L'Enfant for a marine hospital, is susceptible of that institution and a botanical garden also." (Ultimately, Congress refused to authorize the national university which Washington had envisioned.)

Reflecting the controversies over possible sale of some of the public reservations for private use, Washington said that it would impair public confidence, "to convert them to private uses," and any innovations with respect to the official plan would "produce consequences, which cannot be foreseen, nor perhaps easily remedied." He then explained his hesitations about a hospital:

"My doubts, therefore, with respect to designating the square on the Eastern Branch for a marine hospital, did not proceed from an idea that it might be converted, advanta-



President George Washington personally decided, after much study of the subject, to have a public hospital built where D.C. General Hospital has stood, and said that such "appropriations of open areas cannot be diverted to private uses, but must remain sacred, inviolate, and forever considered the property of the United States of America."

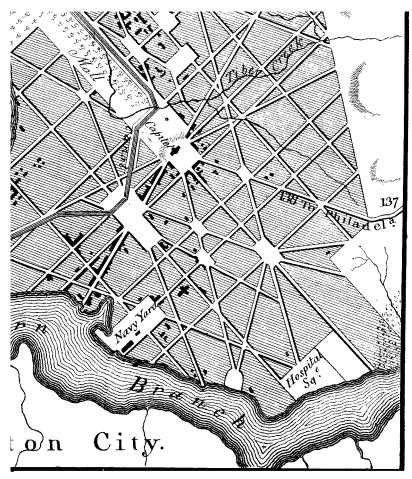
geously, into saleable lots, but from the utility of having a hospital in the city at all. Finding, however, that it is usual in other countries to have them there, the practice, it is to be presumed, is founded in convenience; and, as it might be difficult to procure a site *out* of the city, which would answer the purpose, I confirm the original idea of placing it where it is marked in L'Enfant's plan."

Matter of National Importance for 200 Years

On March 2, 1797, as his last official act as President, Washington drafted a letter (today, we would call it an "Executive Order") to the Trustees for the property owners of the District, which identified 17 public reservations, and ordered them to be set aside for public use. Paragraph 13 identified that area bounded by South B Street, 19th Street East, South G Street, and the Eastern Branch or Anacostia River—hence its subsequent designation as "Reservation 13."

However, due to an oversight, the map, known as the "Appropriations Map," was not attached to Washington's letter, and on this technical ground, various landowners refused

EIR March 29, 2002 67



The area set by President George Washington for the public hospital was designated "Hospital Square" (see lower right of map) as early as the time of the Civil War. Generations of citizens and public officials reiterated President Washington's pledge, for its use for the public's good and health.

to convey their property to the Trustees. Therefore, on July 23, 1798, the new President, John Adams, signed an order remedying the omission.

But as various alterations had been made in the plan, and disputes arose over the small parcels of land created by the cutting of the diagonal avenues, various citizens presented a memorial, or petition, to President Adams at the end of 1798, and the entire matter was referred to the Congress for resolution in 1802. Many property owners naturally desired to maintain the open spaces and broad vistas of the L'Enfant plan, and feared the consequences of selling off for private use, parcels which were originally designated as public areas.

The citizens noted that these were matters of national importance, and that the project of the design of the city had been entrusted to President Washington by the Congress of the United States. The memorial noted that both the streets, and "such squares or grounds as the President should deem proper to appropriate for public purposes" were conveyed to

the United States, and that even though the proprietor received less compensation for such lands, than had they been divided up into building lots, "he cheerfully complied herewith, when he considered the advantages in point of health and beauty which the city received therefrom."

"Appropriations so extensive in themselves, so conducive to the beauty and health of the city, so gratifying to the public and proprietor, were deemed sacredly devoted to the purposes for which they were designated," the citizens declared.

In arguing against any changes in the designation of the public areas, the citizens noted that title to the public appropriations "was to reside and forever continue in the United States," for public use. They concluded by expressing their certainty to the President "that your excellency will clearly perceive the necessity of convincing the public mind that appropriations of open areas cannot be diverted to private uses, but must remain sacred, inviolate, and forever considered the property of the United States of America."

The Commissioners of the District were asked by the chairman of the Congressional Committee reviewing the matter, to submit their opinions, which they subsequently did, on March 23, 1802. They confirmed that Washington's description of the public appropriations and other legal documents had been authenticated by the Attorney General of the United States as vesting title to the property in the Federal government.

The Commissioners also asked George Washington, now retired, for his opinion; he responded on June 1, 1799, that he had always been of one opinion on the subject: "that nothing ought to justify a departure from the engraved plan, but the probability of some great public benefit, or unavoidable necessity."

Why 'Hospital Square'?

In subsequent decades, the dedication of the public reservations for public purposes, was reaffirmed.

An 1843 resolution of the Board of Alderman and Board of Common Council of the City of Washington, stated the general wish of the citizens of Washington, that the public reservations should only be used for public purposes, and asked the President to recall any authority which may have been granted by him with respect to certain specified public reservations.

On May 17, 1848, Congress passed an act extending the 1820 incorporation of the City of Washington, etc., which

68 **EIR** March 29, 2002

declared: "And no open space, public reservation, or other public ground in the said city shall be occupied by any private person, or for any private purposes whatever." This act was considered as part of the Charter of the City of Washington.

Histories trace the lineage of D.C. General Hospital to 1806, when the first public hospital in the District was established, with an appropriation of \$2,000 from the U.S. Congress "the more effectually to provide for the poor, disabled, and infirm persons." This was known as the Washington Infirmary, but was also called the City Poor House, or the Washington Asylum (to be differentiated from the insane asylum, a separate facility), and it was located between 6th and 7th Streets, and M and N Streets, Northwest.

But in fact, D.C. General Hospital could just as well be dated even further back, to 1791.

During the construction of the Capitol building and the President's house, records submitted to the Congress show that the Commissioners of the District allocated funds—between \$2,000 and \$3,000 in 1791-96—for a "Hospital for sick laborers." This facility was located at Judiciary Square, and it was this which eventually developed into the "poor house" and the Washington Infirmary.

In 1832, an epidemic of Asian cholera broke out among laborers who had come to Washington to build public improvements (paving Pennsylvania Avenue, and digging a canal and trenches for water pipes). The epidemic overwhelmed the Infirmary; three hospitals were established by the Board of Health in houses leased for the purpose. This showed again, the need for a general hospital, and for six years, Congress was petitioned to establish a general hospital in Washington, but failed to act. This, despite the fact that three out of four patients cared for at the Washington Asylum were not residents of the city.

In 1839, application was made to President Martin van Buren for erection of a public hospital, on "Marine Hospital Square." The application was granted, but the first specific site was found to be inadequate, and the original grant was extended. An Act of Congress of Aug. 29, 1842, authorized and directed that the old jail at Judiciary Square be altered to accommodate the insane, disabled and infirm seamen, soldiers, and others.

It Was Good Enough for Washington...

This location was found to be clearly inadequate for a public hospital, but the facility remained there, and was used as a teaching hospital by the medical faculty of Columbian College. It was taken over as a military hospital in 1861, and soon thereafter, destroyed by fire.

Meanwhile, a temporary hospital for contagious patients was built on Reservation 13 in 1841. And on May 10, 1843, an ordinance was passed providing for erection of a new asylum on Reservation 13. In 1846, the almshouse was moved to Reservation 13, and the inmates of the poorhouse and its Infirmary were also moved there, to what became known as

the "Washington Asylum Hospital." The new building was destroyed in 1857, and another, brick building was finished in 1859—which was still standing in 1946.

During the 1920s, a new and magnificent municipal hospital was constructed, again on Reservation 13, which was named for Sen. Jacob Gallinger of New Hampshire, who chaired the Senate Committee on the District. Newspaper clippings from that time demonstrate that District citizens were justifiably proud of the new public hospital, which today would be called "state of the art," one of the largest, most modern, and best in the nation.

This was expanded during the 1930s with Federal grants, so that in 1940, a new 226-bed tuberculosis hospital and a new 276-bed medical hospital building was opened. In 1948, a further 125-bed facility for pediatric treatment and crippled children was begun, financed by a Federal grant under the Hill-Burton Act.

Periodic additions and improvements were made thereafter, until the evil and scandalous plan to close down the hospital took root in the late 1990s. The hospital was grossly underfunded, and the subject of many scandals, editorial attacks and the like throughout much of its history, but it provided top-quality medical care to the District's citizens and visitors to the nation's capital, regardless of ability to pay. That is a vital part of the 200-year history of "the Federal city" of Washington, which now must be restored.



We accept MasterCard, VISA, American Express and Discover

EIR March 29, 2002 69

Congressional Closeup by Carl Osgood

GOP Budget Resolution Passed by House Panel

On March 13, the House Budget Committee reported out the FY 2003 budget resolution. The plan generally follows President George Bush's budget submission, sent to Congress in February. It provides for \$393.8 billion in national defense spending and \$37.7 billion for homeland security. It also admits to a deficit, not including the Social Security and Medicare trust funds, of \$224.3 billion, a number already attracting derision from Democrats. A new feature of the resolution is that it looks ahead only five as opposed to ten years. Budget Committee Chairman Jim Nussle (R-Iowa) said on March 5, that the Congressional Budget Office's record on ten-year projections "just serves as further proof of the uncertainty of these types of projections."

Another feature drawing criticism from Democrats is the claim that it provides for a balanced budget. The GOP's summary claims that "this budget is balanced in fiscal year 2003, with the sole exception of recently enacted emergency legislation [the stimulus bill that the Senate passed the week before] to support economic recovery and help displaced workers." Democrats say that the GOP is paying for the budget with Social Security. John Spratt (D-S.C.) told reporters on March 12 that the GOP budget digs into Social Security by \$2 trillion over ten years, about \$500 billion more than the Republicans are admitting to. "It'll fully exhaust that trust fund and fully consume the Medicare trust fund," he said.

In the Senate, Democrats are writing the budget resolution for the first time since 1994. Budget Committee Chairman Kent Conrad (D-N.D.) said on March 19 that the Democrats' proposal not only will fully fund President Bush's request for defense and home-

land security, but will "also include a circuit-breaker mechanism to put the budget on a path to balance without Social Security by 2008." It reverses a large portion of Bush's cuts in law enforcement and road and bridge construction, and makes available up to \$500 billion over ten years for a Medicare prescription drug benefit, as opposed to \$350 billion in the GOP plan, and \$190 billion in Bush's budget request.

Judicial Nominations Spark Partisan Warfare

On March 14, the Senate Judiciary Committee rejected the nomination of Judge Charles Pickering of Mississippi to a seat on the appeals court for the 5th Circuit. Pickering had been the subject of two hearings, in October and February, which looked at his record of opinions. Democrats concluded, in the words of Edward M. Kennedy (D-Mass.), that Pickering does not have "the temperament, the moderation, or the commitment to core constitutional . . . protections that is required for a life tenure position."

Republicans, especially Minority Leader Trent Lott (R-Miss.), who is a friend of Pickering, took the committee's action personally. After the committee vote, Lott castigated Democrats. He called the committee action a "miscarriage of justice," and said, "I am hurt by the attacks on this fine man." He claimed that the vote against Pickering was because of his religious faith. He said that this was the second nomination this year "where it has looked as though if you feel strongly about your faith, your Christian faith, that there is something suspicious about that."

A back and forth has ensued be-

tween the two parties over their record on judicial nominations. The Democrats argue that when the GOP was in control, they treated President Bill Clinton's nominees far worse, many of whom never even got a hearing. Republicans claim they treated Clinton's nominees much better than the Democrats are treating Bush's. Lott has now moved to block the nomination of Jonathon S. Adelstein to a position on the Federal Communications Commission. Adelstein is a former aid to Senate Majority Leader Tom Daschle (D-S.D.). On March 20, Republicans also objected to the convening of committees for longer than two hours while the Senate is in session, disrupting the work of three committees, two of which were working on Enron-related legislation.

Proposed Afghanistan Aid Is Woefully Inadequate

On March 14, the House International Relations Committee invited Andrew Natsios, administrator of the U.S. Agency for International Development (AID), and Alan P. Larson, Undersecretary of State for Economic, Business, and Agricultural Affairs, to comment on a draft bill to provide up to \$1 billion in U.S. assistance to Afghanistan over the next four years. Rep. Ben Gilman (R-N.Y.) said that the bill would provide a "mix of security, of development, of humanitarian and anti-narcotics assistance."

Neither Natsios nor Larson would comment on the specifics of the bill, because they'd only had three days to review it. What they emphasized, however, is the magnitude of the task they face in Afghanistan. Besides security, Natsios stressed the drought. "One more year of a drought of this magnitude," he said, and "whole areas

70 National EIR March 29, 2002

of the country will be completely uninhabitable because there will be no water left even in the deep wells." While the importance of civil works and water management was mentioned, notably by committee chairman Henry Hyde (R-III.), neither he nor Natsios discussed the kind of large-scale development required to bring water into the country.

Also of concern were security and the opium crop. Natsios promoted AID's crop-substitution program as a measure against opium production. However, he admitted, "If you do not have some security on the ground, it's very difficult to run an anti-narcotics program in terms of the agricultural sector." Larson added, "The sorts of measures that we are considering are measures that would provide incentives to farmers to rip out this [opium] crop on their own." Both indicated that the United States is working with the UN Drug Control program on an antinarcotics program, but members of the committee urged them to include the U.S. Drug Enforcement Administration, as well.

Army Budget Raises Concern in Hearings

On March 14, the Airland Forces Subcommittee of the Senate Armed Services Committee held a hearing on Army transformation, where subcommittee chairman Joe Lieberman (D-Conn.) expressed concern that the Army's plans may be too ambitious for its budget. Lieberman noted that despite the \$10 billion increase called for in the Army's budget for FY 2003, the Pentagon still cancelled 18 programs, including some authorized by Congress only two years ago. He also noted that Army Chief of Staff Gen. Eric Shinseki has submitted to the

committee a list of unfunded requirements for some \$10 billion in each of the last two years. He questioned whether the Army can pay for the six interim brigade combat teams it is planning to field as part of its transformation process. These concerns were echoed by Rick Santorum (R-Pa.).

Army Undersecretary Les Brownlee admitted that there is considerable risk in the Army's transformation plans, and that the Army must "closely manage" the risk involved in getting to its objective force. "We must also be realistic about the probability of success of these programs," he said. He assured the subcommittee, however, that "we will look for ways to mitigate these risks in order to ensure success." He warned that if the risks are not accepted, "these programs may be chronically underfunded and behind schedule."

Earlier the same day, the issue of over-deployed forces came up in the House Armed Services Committee. Ranking member Ike Skelton (D-Mo.) noted that the service chiefs have been asking for increases in authorized manpower, to the tune of some 51,4000 more people, 40,000 of them for the Army. Army Gen. William F. Kernan, commander in chief of the U.S. Joint Forces Command, responded, "I support wholeheartedly what the service chiefs have asked for in the way of additional capability." Under further questioning from Skelton, Kernan admitted that his troops are tired because "we are busy. We are busier than we have ever been."

Energy Derivatives Scored in Senate

On March 19, the Senate debate on the energy bill shifted to financial deriva-

tives as a result of an amendment by sponsored by Dianne Feinstein (D-Calif.) that would re-impose Federal regulation on exchange-traded and over-the-counter derivatives contracts. Feinstein said that her amendment would restore authority over derivatives contracts that was taken from the Commodities Futures Trading Commission by the Commodities Futures Modernization Act (CFMA) of 2000. She said that about 90% of the trades in energy never result in delivery of a product, but are purely financial transactions. Because of that, "a giant loophole has opened up where there is no transparency, no records, and no oversight."

Phil Gramm (R-Tex.), a longtime defender of financial derivatives, claimed that Feinstein's amendment is unnecessary because the 2000 CFMA strengthened the CFTC's authority. He trotted out a letter from Federal Reserve Chairman Alan Greenspan and Treasury Secretary Paul O'Neill to buttress his claim that the "derivatives markets may very well be a major factor in the resilience of the American economy, today, and why we, in fact, did not have a recession." When Byron Dorgan (D-N.D.) asked Gramm about the 1998 collapse of the Long Term Capital Management hedge fund, and the fact that its collapse nearly brought down the entire financial system, Gramm replied that LTCM went broke "by making bad decisions," not because of the use of derivatives.

The entire financial services sector is opposed to the amendment and has been lobbying heavily against it, and Minority Leader Trent Lott (R-Miss.) has put a hold on it. Barbara Boxer (D-Calif.), a co-sponsor of the Feinstein amendment, highlighted the real issue when she told the Senate: "Enron manipulated the electricity market for one reason, and one can explain it in one word: secrecy."

EIR March 29, 2002 National 71

Editorial

Again, the 'Grasso Abrazo'

Two events occurred in the middle of March, which, to the astute observer, represent one of the sharpest ironies of our time. First, on March 17, the *Washington Times* published an opinion column by financial columnist Lawrence Kudlow, in which he praised New York Stock Exchange head Richard Grasso to the skies. "Richard Grasso, Hero" read the headline. "This is America's bull market, but surely Dick Grasso deserves credit as one of its key drivers," wrote Kudlow. Because of Grasso, "the vile terrorist enemy has failed utterly in its effort to cripple the U.S., and the American model of free-trade capitalism is alive and well."

The next day, March 18, the U.S. Justice Department issued a wide-ranging indictment for three top members of the Revolutionary Armed Forces of Colombia (FARC), for drug-trafficking—a significant shift from the U.S. government's previous treatment of the FARC as a legitimate guerrilla movement. In announcing that indictment, Attorney General John Ashcroft said, "Today's indictment strikes at the heart of the terrorism/drug-trafficking nexus by charging that members of the FARC created a, quote, 'safe haven' for drug traffickers in Colombia." Their cocaine was exchanged for weapons.

In some respects, both speakers were telling the truth. Grasso does have significant responsibility for keeping up the stock market, and the FARC is a leading narco-terrorist group. But what has been left unsaid, is what's interesting—the connection between the two.

The crucial link is provided by a famous meeting, and photograph of the two embracing, from June 1999, dubbed the "Grasso Abrazo" by *EIR*. At that time, Grasso took a trip to the jungles of Colombia, where he held negotiations, under Colombian government sponsorship, with Raúl Reyes, the "money man" for the FARC. Grasso told the press after his trip, that he was highly impressed with the sophistication of the FARC treasurer, and that he looked forward to deepening relations, including hosting Reyes on Wall Street.

Does the connection begin to click? Does it dawn

upon you, that perhaps the phenomenal success which Grasso has had in keeping up the stock market, in the middle of the deepening depression, has something to do with his encouragement of the investment of dirty money, including drugs? Perhaps you even remember that Adam Smith's "free trade" had everything to do with promoting traffic in opium, and other drugs.

Is it a "good thing" that the stock market is going up, as a result of the infusion of drug money into our banks, and other financial institutions? Or is it a "good thing" that our government is finally beginning to understand that drugs, and drug money, represent the heart's blood of terrorism? Would a really concerted effort to shut down the flow of drugs and drug money, actually hurt the flow of funds into the nation's banking system? Or do the likes of Richard Grasso actually find it against their interests, to support a clampdown against drug-money laundering?

We have reached a crucial contradiction, where the two sides cannot co-exist. Either the shift of the Bush Administration against toleration of the narco-terrorist FARC, which it was previously negotiating with, will become a farce, because the Administration refuses to clamp down on the drug bankers, or the support for the speculative stock bubble, which is dependent upon those drugs, will be dropped in that very clampdown. You, the citizen, cannot have it both ways.

For, you see, the United States never has had a real war on drugs, the kind of war that would start at the top of the financial drug-money chain, and actually take out the kingpins. Instead, there has been a lot of fakery. Under the Reagan and Clinton Administrations, every stab in the right direction, was immediately stymied by the banking interests who were trying to protect their own. For example, Richard Grasso.

Actually, our security is at stake. To stop terrorism, and the speculative bubble, the drug money empire of Wall Street is going to have to be stopped. The tools are all available; it just takes the guts to go after the guys at the top.

72 Editorial EIR March 29, 2002

A \mathbf{R} U В L Е н

INTERNATIONAL ACCESSPHOENIX COM Click on Live Webcast

Sundays-11 am (Pacific Time only)

ALABAMA BIRMINGHAM—Ch.4 Thursdays—11 pm • UNIONTOWN—Ch.2

Mon-Fri every 4 hrs. Sundays—Afternoons ALASKA

ANCHORAGE—Ch.44

Thursdays—10:30 pm

JUNEAU—GCI Ch.12
Wednesdays—10 pm ARIZONA PHOENIX

Cox Ch.98 Sundays—11 am PHOENIX VALLEY

PHOENIX VALLEY Quest Ch.24 Sundays—11 am
 TUCSON—Ch.74 Tuesdays—3 pm

ARKANSAS CABOT—Ch.15

Daily-8 pm LITTLE ROCK
 Comcast Ch. 18 Tue-1 am. or Sat-1 am, or 6 am

CALIFORNIA

BEVERLY HILLS
Adelphia Ch. 37
Thursdays—4:30 pm
BREA—Ch. 17
Mon-Fri: 9 am-4 pm

 BUENA PARK Adelphia Ch. 55 Tuesdays—6:30 pm
• CLAYTON/CONCORD

AT&T-Comcast Ch.25 2nd Fri.-9 pm CONTRA COSTA

2nd Fri.—9 pm • COSTA MESA Ch.61 Wednesdays—10 pm CULVER CITY

MediaOne Ch. 43 Wednesdays—7

Adelphia Ch. 6 Mondays—2:30 ppm
• FULLERTON

Adelphia Ch. 65 Tuesdays—6:30 pm HOLLYWOOD

Wednesdays—Ch.3 Jan. 9,16,23,30 LANCASTER/PALM. Adelphia Ch. 16

Sundays—9 pm LAVERNE—Ch. 3 2nd Mondays—8 pm LONG BEACH Charter Ch. 65

Thursdays—1:30 pm
• MARINA DEL REY Adelphia Ch. 3 Thursdays—4:30 pm MediaOne Ch. 43 Wednesdays—7 pm

• MID-WILSHIRE MediaOne Ch. 43 Wednesdays—7 pm • MODESTO—Ch.8

Mon & Thu-2:30 pm PALOS VERDES
 Cox Ch. 33

Saturdays—3 pm PLACENTIA
 Adelphia Ch. 65

Tuesdays—6:30 pm
• ROLL-HILLS EST.
Cox Ch. 33 Saturdays-4 pm

SAN DIEGO Ch.19 Fridays—5
• SANTA ANA

Adelphia Ch.53 Tuesdays—6:30 pm • STA.CLAR.VLY. T/W & AT&T Ch.20 Fridays—1:30 pm SANTA MONICA

Adelphia Ch. 77 Thursdays—4:30 pm • TUJUNGA—Ch.19

Fridays—5 pm • VENICE—Ch.43 Wednesdays—7
• WALNUT CREEK

AT&T Ch.6 2nd Fridays—9 pm • W.HOLLYWOOD Adelphia Ch. 3 Thursdays—4:30 pm • W.SAN FDO.VLY. Time Warner Ch.34 Wed.—5:30 pm

COLORADO

 COLORADO SPGS Adelphia Ch. 4 Tuesdays—8 pm Thursdays—11 am DENVER—Ch.57

Saturdays—1 pm

• GROTON—Ch. 12 Mondays—10 pm

MANCHESTER Ch.15
 Mondays—10 pm
 MIDDLETOWN—Ch.3

Thursdays—5 pm • NEW HAVEN—Ch.29 Sundays—5 pm Wednesdays—7 pm
• NEWTOWN/NEW MIL

Cablevision Ch. 21 Mondays—9:30 pm Thursdays—11:30 am

DIST. OF COLUMBIA

• WASHINGTON—Ch.5

Alt.Sundays-3:30 pm FLORIDA

ESCAMBIA COUNTY Cox Ch. 4 2nd Tue, 6:30 pm IDAHO

MOSCOW—Ch. 11 Mondays—7 pm

ILLINOIS CHICAGO

CAT-Ch 21 Mon, 4/8: 10 pm All programs are The LaRouche Connection unless otherwise noted. (*) Call station for times. QUAD CITIES

MediaCom Ch. 75 Thursdays—11 pm PEORIA COUNTY

Insight Ch. 22 Sundays—7:30 pm SPRINGFIELD Ch.4 Mon-Fri: 5-9 pm Sat-Sun: 1-5 pm

INDIANA
• DELAWARE COUNTY

Comcast Ch. 42 Mondays—11 pm IOWA

QUAD CITIES MediaCom Ch. 75 Thursdays-11 pm KENTUCKY

BOONE/KENTON Insight Ch. 21 Mon: 4 pm: Sat: 5 pm JEFFERSON Ch.98 Fridays—2 pm

LOUISIANA ORLEANS PARISH Cox Ch. 78 Tuesdays & Saturdays 4 am & 4 pm

MARYLAND ANNE ARUNDEL Annapolis Ch.20 Milleneum Ch.99 Fri & Sat --- 11 nr MONTGOMERY Ch.19

Fridays—7 pm • P.G.COUNTY Ch.76 Mondays-10:30 pm MASSACHUSETTS

 AMHERST—Ch.12 Mondays—Midnight CAMBRIDGE
 MediaOne Ch. 10 Mondays—4 pm • WORCESTER—Ch.13 Tue.—8:30 pm

MICHIGAN CALHOON

ATT Ch. 11 Mondays—4 pm • CANTON TNSHP. Comcast Ch. 18 Zajak Presents

Mon: 6-8 pm DEARBORN Comcast Ch. 16 Zajak Presents

Mon: 6-8 pm • DEARBORN HTS. Comcast Ch. 18 Zajak Presents

Mon: 6-8 pm KALAMAZOO Thu-11 pm (Ch.20) Sat-10 pm (Ch.22) KENT COUNTY

AT&T Ch. 25 Fridays—1:30 pm LIVONIA T/W Ch.12

Thursdays—5 p (Occ. 4:30 pm) • MT.PLEASANT Charter Ch. 3

Tuesdays-5:30 pm Wednesdays-7 am

 PLYMOUTH Comcast Ch.18 Zaiak Presents

Mon: 6-8 pm MINNESOTA

ANOKA AT&T Ch. 15

Mon.—4 pm & 11 pm BURNSVILLE/EGAN ATT Ch.14,57,96 Tuesdays—5:30 pm Saturdays—9 pm Sundays—10 pm CAMBRIDGE

U.S. Cable Ch.10 Wednesdays—2 pm
• COLD SPRING U.S. Cable Ch. 3 Nightly after PSAs

 COLUMBIA HTS. MediaOne Ch. 15 Wednesdays—8 pm FRIDLEY Time Warner Ch. 5
Fridays—7 pm
Saturdays—8:30 pm
• MINNEAPOLIS

PARAGON Ch. 67 Saturdays-7 pm • NEW ULM-Ch.14

Fridays—5 pm • PROCTOR/ HERMANTOWN-Ch 12 Tue. btw. 5 pm-1 am
• ROSEVILLE

ROSEVILLE
AT&T Ch. 14
Thu—6 pm & Midnite
Fri—6 am & Noon
SOUTH WASHINGTON
ATT Ch.14—1:30 pm
Mon, Tue, Wed, Thu
ST.CROIX VALLEY

Valley Access Ch.14 Thursdays—4 & 10 pm Fridays—8 am

· STIOUS PARK Paragon Ch. 15 Wed., Thu., Fri. 12 am, 8 am, 4 pm • ST.PAUL (city) SPNN Ch. 15

Saturdays—10 pm ST.PAUL (NE burbs)* Suburban Ch.15 St.PAUL (S&W burbs) AT&T-Comcast Ch.15 Tue & Fri—8 pm Wednesdays—10:30 pm

MISSISSIPPI MARSHALL COUNTY Galaxy Ch. 2

Mondays—7 pm MISSOURI

ST.LOUIS AT&T Ch.22 Wednesdays—5 pm Thursdays—12 Noon NEBRASKA

LINCOLN T/W Ch. 80 Citizen Watchdog Tuesdays—7 pm Wednesdays—10 pm NEVADA · CARSON—Ch.10 Wednesdays—7 pm Saturdays—3 pm

NEW JERSEY

• HADDON TOWNSHIP

Comcast Ch 19 MERCER COUNTY Comcast* TRENTON Ch 81

WINDSORS Ch. 27
• MONTVALE/MAHWAH Time Warner Ch. 27 Wednesdays— NORTHERN NJ

Comcast Comm. Access Channel 57* PISCATAWAY Cablevision Ch.71 Wed-11:30 pm PLAINSBORO

Comcast Ch. 3* NEW MEXICO

ALBUQUERQUE
Comcast Ch. 27
Thursdays—10 pm
ANTHONY/SUNLAND T/W Ch. 15 Wednesdays 5:05 pm

 GRANT COUNTY Comcast Ch. 17 Comcast Ch. 8

Mondays—10 pm
• TAOS—Ch.2
Thursdays—7 pm

NEW YORK AMSTERDAM Time Warner Ch.16 Thursdays-4:30 pm

 BUFFALO Adelphia Ch.18 Wed.—12:30 pm BROOKLYN—BCAT

Time Warner Ch. 35 Cablevision Ch. 68 Sundays—9 am CHEMUNG/STEUBEN Time Warner-Ch.1 Mon., Fri.-4:30 pm

• ERIE COUNTY Adelphia Intl. Ch.20 Thursdays—10:35 pm
• ILION—Ch. 10
Mon. & Wed.—11 am

Saturdays- 11:30 pm IRONDEQUOIT Ch.15 Mondays—7:30 pm Thursdays-7 pm

 JEFFERSON/LEWIS
 Time Warner-Ch.2 Unscheduled pop-ins
• JOHNSTOWN—Ch.16

JOHNSTOWN—Ch.16
 Tuesdays—5 pm
 MANHATTAN—MNN
 T/W Ch.34; RCN Ch.109
 Alt. Sundays—9 am
 NIAGARA COUNTY

Adelphia Ch. 20 Thursdays—10:35 pm • ONEIDA—Ch.10

Thu—8 or 9 pm
• PENFIELD—Ch.15
Penfield Comm. TV

• QUEENSBURY Ch.71 Thursdays—7 pm • RIVERHEAD Ch.70

Thurs.—12 Midnight
• ROCHESTER—Ch.15 Sundays—3 pm Mondays—10 pm • ROCKLAND—Ch. 71

Mondays—6 pm SCHENECTADY Ch.16 Mondays-3 pm

• STATEN ISL. Ch.34 Thu.-11 pm; Sat.-8 am TOMPKINS COUNTY

Time Warner
Sun.—9 pm (Ch.78)
Thu.—5 pm (Ch.13)
Sat.—9 pm (Ch.78)
TRI-LAKES Adelphia Ch. 2 Sun: 7 am, 1 pm, 8 pm WEBSTER—Ch.12

Wednesdays-9 pm NORTH CAROLINA

 HICKORY—Ch.3
 Tuesdays—10 pm
 MECKLENBURG Time Warner Ch.18 Saturdays—12 Noon

OHIO
• FRANKLIN COUNTY

Ch. 21: Sun.—6 pm • LORAIN COUNTY Adelphia Ch.30 Daily: 10 am; or 12 Noon; or 2 pm; or 12 Midnight

 OBERLIN—Ch.9 Tuesdays—7 pm
• REYNOLDSBURG Ch.6: Sun.-6 pm OREGON

LINN/RENTON AT&T Ch. 99 Tuesdays—1 pm • PORTLAND

AT&T Ch.22: Tue—6 pm CH.23: Thu—3 pm SALEM—Ch.23 Tuesdays—12 Noon Thursdays 8 pm

Saturdays 10 am Charter Ch. 10 Mon,Tue,Thu,Fri Betw. 5 pm - 9 am • WASHINGTON ATT

Ch.9: Tualatin Valley Ch.23: Regional Area Ch.33: Unincorp. Towns Wednesdays—8 pm Sundays—9 pm

RHODE ISLAND E.PROV.-Ch.18

Tuesdays-6:30 pm STATEWIDE R.I. Interconnect Cox Ch. 13 Full Ch. 49

TEXAS

DALLAS Ch.13-B Tuesdays-10:30 pm EL PASO COUNTY Adelphia Ch.4 Tuesdays—8 pm Thursdays—11 am

HOUSTON Houston Media Source Sat, 3/30: 10 am Mon, 4/1: 7:30 pm

 RICHARDSON AT&T Ch. 10-A Thursdays-6 pm

UTAH

SEVIER Mallard-Suntel Richfield Ch.45 Peak Cable Anabella Ch.29 Central Ch.29 Elsinor Ch.29 Glenwood Ch.32 Monroe Ch.29 Sun—1 pm & 8 pm Mon—1 am & 8 am

VIRCINIA

Comcast Ch. 10 Tuesdays—5:30 pm ARLINGTON ACT Ch. 33

Mondays—4 pm Tuesdays—9 am CHESTERFIELD

Comcast Ch. 6 Tuesdays—5 pm FAIRFAX—Ch.10 Tuesdays-12 Noon

Thursdays—7 pm LOUDOUN Adelphia Ch. 23/24 Thursdays—7 pm ROANOKE—Ch.9

Thursdays-2 pm WASHINGTON KING COUNTY

AT&T Ch. 29/77 Sundays-—6 pm KENNEWICK Charter Ch. 12 Mondays-12 Noon

Thursdays—8:30 pm PASCO
 Charter Ch. 12

Mondays—12 Noon Thursdays—8:30 pm RICHLAND Charter Ch. 12 Mondays—12 Noon Thursdays—8:30 pm • SPOKANE—Ch.14

Wednesdays—6 pm • YAKIMA—Ch. 9

Sundays-4 pm WISCONSIN

 MADISON—Ch.4 Tuesdays—3 PM Wednesdays—12 Noon MARATHON COUNTY Charter Ch. 10 Thursdays—9:30 pm; Fridays—12 Noon

WYOMING
• GILLETTE—Ch.36
Thursdays—5 pm

If you would like to get The LaRouche Connection on your local cable TV station, please call Charles Notley at 703-777-9451, Ext. 322. For more information, visit our Internet HomePage at http://www.larouchepub.com/tv

Executive Intelligence Review

U.S., Canada and Mexico only \$396 \$225 6 months \$125 3 months Foreign Rates 1 year \$490 6 months \$265 3 months \$145

I would like to subscribe to Executive Intelligence Review for	
☐ 1 year ☐ 6 months ☐ 3 months	
I enclose \$ check or money order	į
Please charge my MasterCard Visa	İ
Card No Exp. date	_ İ
Signature	!
Company	- 1
Phone ()	-
Address	-
City State Zip	_ :
Make checks payable to EIR News Service Inc.	ļ

Exclusive, up-to-the-minute stories from our correspondents around the world

EXECUTIVE ALERT SERVICE



EIR Alert

brings you concise news and background items on crucial economic and strategic developments, twice a week, by first-class mail, or by fax or by Internet e-mail.

Annual subscription (United States) \$3,500
Special introductory price \$500
for 3 months

Make checks payable to:

BIR News Service

P.O. Box 17390 Washington, D.C. 20041-0390

Table of Contents for The Issue of March 21, 2002

Kissinger threatens Europe on Iraq Israeli spy scandal story spreads Financial Times moots British troop move against Argentina How for will Pakistan terrorist releas

How far will Pakistan terrorist release go?

IMF demands Argentina protect crooked bankers

Mahathir, in Moscow, calls for Euro-Asia links

Energy Alert: Behind the scenes on September 11